

-A8465-1U 10/8

INCOME & FEES

*of Accountants in
Public Practice*

A 1988 SURVEY REPORT

nspa

NATIONAL SOCIETY OF PUBLIC ACCOUNTANTS

INCOME & FEES

of Accountants in Public Practice

A 1988 SURVEY REPORT

© 1988 THE NATIONAL SOCIETY OF PUBLIC ACCOUNTANTS
1010 North Fairfax Street
Alexandria, Virginia 22314
(703) 549-6400

TABLE OF CONTENTS

	FOREWORD.....	3
1.	INTRODUCTION.....	4
2.	HIGHLIGHTS OF 1988 RESULTS.....	6
3.	REGIONAL HIGHLIGHTS.....	8
	Overview.....	8
	Northeast.....	10
	South.....	12
	North Central.....	14
	West.....	16
4.	GROSS AND NET INCOMES OF ACCOUNTING FIRMS.....	18
5.	SOURCES OF INCOME.....	21
6.	FEEs FOR TAX RETURN SERVICES.....	24
	Preparation of Returns.....	25
	Representation at IRS Audits.....	28
7.	FEEs FOR OTHER SERVICES.....	29
	Other Tax Services.....	30
	Write-up Work.....	30
	Financial Statement Presentation.....	30
	Audit Accounts.....	30
	Management Advisory and Other Services.....	31
8.	BILLING RATES.....	33
9.	COMPUTER USAGE AND OWNERSHIP.....	36
10.	CHARACTERISTICS OF SURVEY PARTICIPANTS.....	39
11.	APPENDIX	
	Copy of survey questionnaire.....	46

Copyright 1988, The National Society of Public Accountants

FOREWORD

This is the seventh nationwide member survey of income and fees undertaken by the National Society of Public Accountants. This program, undertaken on a triennial basis since 1969, has evolved into a definitive, periodic analysis of the trends in the economic aspects of a public accounting practice. These survey statistics are primarily intended for the internal use of practitioner firms and the profession generally.

The rate of response by NSPA members to this year's survey was even greater than in previous years and clearly indicates not only a spirit of professional cooperation but also a practical need for the types of data available in this report. Approximately one-third of all member firms surveyed returned a usable questionnaire.

We wish to acknowledge with appreciation the outstanding services rendered by Michael Sherman, Ph.D., and Association Research, Inc. for their professional consultation in the preparation of the questionnaire, computer processing, and the text analysis.

Sincere thanks must also be extended to those members of the National Society of Public Accountants who cooperated so splendidly in this significant survey project. Without their prompt and enthusiastic response, this report could not have been prepared.

Stanley H. Stearman
Executive Vice President
National Society of Public Accountants

Alexandria, Virginia
October, 1988

INTRODUCTION

The seventh income and fees survey of members of the National Society of Public Accountants was undertaken to provide reliable information on the economic characteristics of public accounting firms in the United States during 1988. Every effort has been made to make the information from the survey more timely and, thereby, more useful, by publishing the results in, and for, the same year in which the data were collected. Information in the 1988 report relates to 1988. In order to obtain income data for this year before yearend, respondents were asked to estimate their firm's 1988 gross and net incomes.

A survey technique was used to gather the statistics used in the report. Approximately 3,000 questionnaires were mailed to a randomly-selected group of NSPA firms, mailing a questionnaire to one of every sixth NSPA member. One-third of the surveyed members responded, for a total of 1,010 usable questionnaires.

Given an NSPA membership of approximately 18,000, this number of returns to a survey would provide, at worst, an accuracy level of plus or minus three percent, 95 in 100 times.

Information in the survey was provided by the proprietor, senior partner or major stockholder of each participating firm, and some of the statistics in the report relate to the responding individual. These include such characteristics as years in public practice; certification, licensure or registration; IRS practice enrollment; accreditation; educational level; age and sex.

Most of the data relate to the accounting firm, not the individual. However, if the questionnaire was returned by a sole practitioner (and almost two-thirds of respondents did practice in a solo mode), the return was treated as a "firm."

Replies to many of the questions asked in the survey are summarized and presented in percentage form, so that analysts may get an idea of the relative frequency with which accounting firms possessed a certain attribute, location, or performed certain functions.

The percentages are cross-tabulated by various demographic characteristics, including type of firm, size of staff, type of community, gross income of the firm, or region. Many tables are "two-way," crossing the major demographic characteristics with the allowable replies to a particular question. It should be specifically noted that the breakouts of data by "Full-time Staff" or "Part-time Staff" size refer to the staff excluding the principal(s) in the firm.

The regions by which some statistics are classified are the standard four major regions of the U. S. Bureau of the Census. A map showing the assignment of states into the regional groupings is included.

Responses to other questions are summarized and presented as means (averages), medians, quartiles or counts. The count is the number of firms or individuals possessing a certain attribute, and the mean is the arithmetic total of the replies to a particular question divided by the total number (or count) of those answering the question.

The median, or second quartile, is the number below and above which lies one-half of all the numerical responses to a particular question, when the replies are ranked from the lowest to the highest. In other words, one-half the replies were lower and one-half were higher.

The first quartile is the value below which falls one-quarter of all numerical answers to a question and above which fall three-quarters. The third quartile divides the lower three-quarters of all replies to a question from the upper one-quarter.

Interesting comparisons can be made by simultaneously observing the first and third quartiles, known as the "interquartile range," for exactly one-half of all the responses fall within this range, when the amounts reported are ranked from the lowest to the highest.

A copy of the questionnaire is included in the appendix, for reference by readers. The exact wording of specific questions and definitions of any terms not mentioned previously may be determined by referring to the survey instrument.

Finally, it should be noted that some of the percentages in various tables, or parts of tables, may not add to their row or column totals. This is the result of computerized rounding, and the differences are usually minor, rarely amounting to more than one-tenth of one percent.

HIGHLIGHTS OF 1988 RESULTS

Public accounting firms in the 1988 survey estimated that their gross income for this year would average \$146,741. This would amount to a 17.6% increase in gross income over 1984, the year of the latest previous NSPA survey.

1988 average net income was estimated at \$57,257, 14.2% above the 1984 level. The 1988 estimated net income is 39% of the gross, approximately the same ratio reported in past NSPA studies.

Sole proprietorships represented 63.5% of the NSPA member firms responding to the survey. This group estimated their average 1988 gross and net incomes at \$98,272 and \$44,724, respectively. Over 30% of sole proprietorship firms estimated their gross income for 1988 would be less than \$50,000. The median estimated gross income for sole proprietorships, perhaps a more "typical" statistic than the average, was \$75,000.

The median estimated net income was highest, at \$55,000, for public accountants in the Northeast. The ratio of median net to gross income was also highest in the Northeast, with a net amounting to 45.8% of the gross income.

On average, sole proprietorships derive 45.6% of their gross income from the preparation of tax returns. Write-up work produces another 32.2%. These firms had an average of 260 clients for whom they prepared only tax returns.

Western firms received almost one-half their gross income from tax return work. Fees for this service, however, were somewhat higher in the Northeast.

Approximately 86% of all respondents felt that tax return preparation fees will go up in 1989.

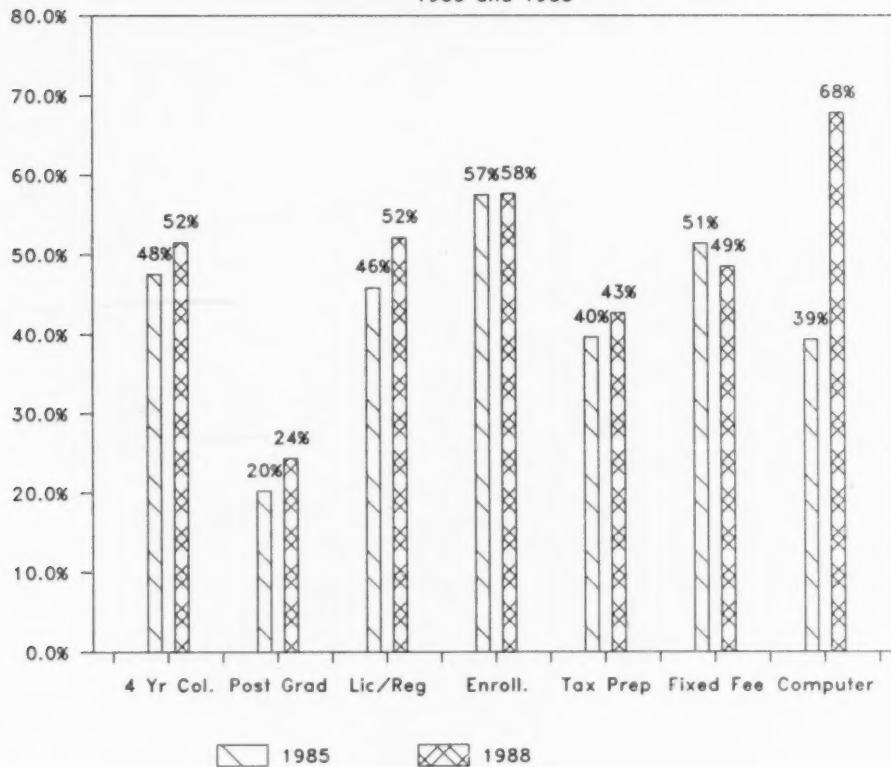
The highest fees for services other than preparing tax returns are for management advisory services. The median hourly fee charged by sole proprietorships was \$60.

Billing rates were highest by firms in the Northeast and Western regions. The median hourly rate for a principal or partner in a Northeast public accounting firm was \$75.

Three-quarters of the firms participating in the survey use computers for tax return preparation. Approximately one-half of all firms own a computer that they use for tax returns. Most firms do not make specific charges for computer time. Generally, it is included in the fee or considered a cost of doing business.

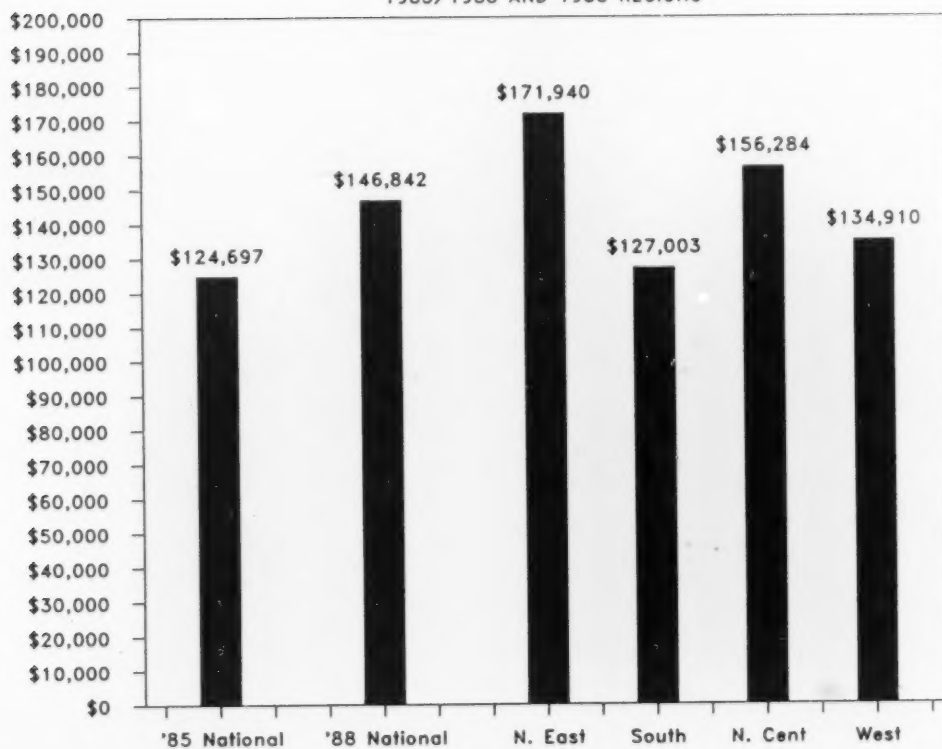
COMPARATIVE HIGHLIGHTS

1985 and 1988



AVERAGE GROSS INCOME

1985/1988 AND 1988 REGIONS





WEST (Averages)

gross income	\$134,910
net income	\$53,292
service fees:	
tax services	\$73.06
write-up work	\$43.59
financial	
statements	\$60.45
percent gross income	
derived from:	
tax returns	49.1%
tax services	10.3%

NORTH CENTRAL (Averages)

gross income	\$156,284
net income	\$52,851
service fees:	
tax services	\$53.43
write-up work	\$38.48
financial	
statements	\$47.31
percent gross income	
derived from:	
tax returns	41.7%
tax services	7.8%

NORTHEAST (Averages)

gross income	\$171,940
net income	\$71,728
service fees:	
tax services	\$73.56
write-up work	\$51.77
financial	
statements	\$74.58
percent gross income	
derived from:	
tax returns	38.6%
tax services	10.8%

SOUTH (Averages)

gross income	\$127,003
net income	\$50,687
service fees:	
tax services	\$59.81
write-up work	\$40.54
financial	
statements	\$51.64
percent gross income	
derived from:	
tax returns	41.8%
tax services	9.0%

Table 3-1: NORTHEAST Summary

DEMOGRAPHICS

REGIONAL SUMMARY	Total	Sex		Years in Practice	Gross Income	Net Income	Full-time Employees	Part-time Employees	No. of Partners
		Male	Female	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM									
Sole Proprietor	65.0%	92.4%	7.6%	17.9	105,356	53,106	1.7	1.6	1.1
Partnership	15.6%	97.6%	2.4%	19.7	289,615	124,842	3.4	1.7	2.3
Corporation	19.4%	94.1%	5.9%	18.5	306,314	95,745	5.1	2.5	1.7
GROSS INCOME									
Under \$50,000	19.0%	83.7%	16.3%	16.7	27,112	17,708	.6	1.0	1.6
\$50,000-99,999	21.3%	88.7%	11.3%	17.8	69,827	40,738	1.2	1.4	1.6
\$100,000-199,999	34.5%	97.8%	2.2%	18.0	137,657	70,732	1.7	2.0	1.6
\$200,000 & Over	25.2%	98.5%	1.5%	19.8	414,462	141,823	5.1	2.3	2.1
COMMUNITY									
Large City	25.5%	100.0%	.0%	18.6	208,044	84,085	3.3	2.0	1.9
Moderate City	33.5%	95.5%	4.5%	17.4	168,052	78,133	2.4	1.6	2.1
Small City	36.1%	89.5%	10.5%	19.8	165,213	61,977	3.0	2.0	1.6
Rural	4.9%	76.9%	23.1%	12.2	71,346	37,625	1.1	2.0	1.7

EDUCATION

REGIONAL SUMMARY	Education				Certified		Enrolled/IRS	
	Hi School Corres.	Business 2 Yr Coll	4 Year College	Post Graduate	Yes	No	Yes	No
TYPE OF FIRM								
Sole Proprietor	2.9%	15.2%	55.0%	26.9%	66.7%	33.3%	53.1%	46.9%
Partnership	.0%	12.2%	61.0%	26.8%	85.0%	15.0%	67.5%	32.5%
Corporation	2.0%	15.7%	54.9%	27.5%	70.6%	29.4%	58.0%	42.0%
GROSS INCOME								
Under \$50,000	2.0%	26.5%	42.9%	28.6%	49.0%	51.0%	43.5%	56.5%
\$50,000-99,999	3.7%	14.8%	53.7%	27.8%	60.4%	39.6%	52.8%	47.2%
\$100,000-199,999	2.2%	10.1%	61.8%	25.8%	77.5%	22.5%	53.6%	46.4%
\$200,000 & Over	1.5%	13.8%	55.4%	29.2%	86.2%	13.8%	72.1%	27.9%
COMMUNITY								
Large City	1.5%	.0%	50.7%	47.8%	64.2%	35.8%	60.9%	39.1%
Moderate City	3.4%	20.5%	60.2%	15.9%	71.3%	28.7%	54.7%	45.3%
Small City	2.1%	18.9%	57.9%	21.1%	76.8%	23.2%	55.2%	44.8%
Rural	.0%	23.1%	38.5%	38.5%	46.2%	53.8%	53.8%	46.2%

COMPUTER USAGE

REGIONAL SUMMARY	Computer Equipment		Taxes by Computer		Non Tax Computer		Computer Charges		
	Own	Don't Own	Yes	No	Yes	No	Not Charged	Included in Fee	Usage Basis
TYPE OF FIRM									
Sole Proprietor	81.4%	18.6%	70.2%	29.8%	68.9%	31.1%	42.7%	43.4%	14.0%
Partnership	54.5%	45.5%	84.6%	15.4%	84.2%	15.8%	22.9%	62.9%	14.3%
Corporation	68.2%	31.8%	88.0%	12.0%	86.0%	14.0%	29.2%	56.3%	14.6%
GROSS INCOME									
Under \$50,000	69.6%	30.4%	47.9%	52.1%	55.3%	44.7%	34.4%	50.0%	15.6%
\$50,000-99,999	83.8%	16.2%	68.5%	31.5%	68.5%	31.5%	26.1%	56.5%	17.4%
\$100,000-199,999	78.6%	21.4%	81.4%	18.6%	75.3%	24.7%	46.8%	44.3%	8.9%
\$200,000 & Over	66.1%	33.9%	92.2%	7.8%	89.1%	10.9%	33.3%	47.6%	19.0%
COMMUNITY									
Large City	56.3%	43.8%	72.7%	27.3%	66.2%	33.8%	47.2%	41.5%	11.3%
Moderate City	83.6%	16.4%	76.1%	23.9%	76.1%	23.9%	34.6%	49.4%	16.0%
Small City	74.6%	25.4%	78.9%	21.1%	78.9%	21.1%	31.7%	52.4%	15.9%
Rural	88.9%	11.1%	69.2%	30.8%	75.0%	25.0%	40.0%	60.0%	.0%

FEDERAL TAX RETURNS

REGIONAL SUMMARY	1040 Non-Number	Itemized Avg. Fee	1040 Number	Itemized Avg. Fee	1065 Number	(Partner) Avg. Fee	1120 Number	(Corp) Avg. Fee
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM								
Sole Proprietor	60	\$66	247	\$181	12	\$312	29	\$546
Partnership	103	\$77	326	\$176	30	\$386	58	\$545
Corporation	91	\$77	496	\$213	24	\$411	55	\$501
GROSS INCOME								
Under \$50,000	50	\$57	101	\$133	5	\$287	7	\$486
\$50,000-99,999	50	\$60	259	\$217	12	\$268	23	\$385
\$100,000-199,999	86	\$63	353	\$166	11	\$340	35	\$593
\$200,000 & Over	90	\$96	450	\$232	35	\$435	78	\$613
COMMUNITY								
Large City	62	\$83	282	\$283	15	\$407	38	\$564
Moderate City	65	\$61	309	\$143	17	\$333	43	\$586
Small City	89	\$70	343	\$165	20	\$326	39	\$499
Rural	63	\$58	218	\$137	13	\$204	14	\$275

CLIENT SERVICES (AVG HOURLY FEES)

REGIONAL SUMMARY	1040 Itemized	Tax Services	Write Up	Financial Statement	Audit	Mngt Advisory
	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM						
Sole Proprietor	\$68.97	\$69.74	\$52.27	\$71.87	\$73.73	\$72.51
Partnership	\$80.25	\$80.00	\$49.85	\$73.48	\$90.30	\$78.18
Corporation	\$86.76	\$81.59	\$51.77	\$85.67	\$80.04	\$81.00
GROSS INCOME						
Under \$50,000	\$62.86	\$59.45	\$47.69	\$63.54	\$76.25	\$74.74
\$50,000-99,999	\$63.16	\$66.21	\$44.60	\$62.45	\$80.05	\$63.86
\$100,000-199,999	\$80.39	\$76.40	\$57.36	\$77.01	\$73.30	\$74.60
\$200,000 & Over	\$83.86	\$84.57	\$52.14	\$81.87	\$82.45	\$82.79
COMMUNITY						
Large City	\$79.25	\$80.55	\$59.66	\$77.44	\$88.39	\$91.83
Moderate City	\$70.35	\$73.14	\$50.80	\$80.61	\$78.35	\$72.12
Small City	\$75.95	\$71.20	\$49.49	\$70.57	\$73.82	\$68.09
Rural	\$70.00	\$54.44	\$33.61	\$46.67	\$56.33	\$66.67

CLIENT SERVICES (% GROSS INCOME)

REGIONAL SUMMARY	Tax Returns	Tax Services	Write Up	Financial Statement	Audit	Mngt Advisory
	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM						
Sole Proprietor	40.5%	10.3%	32.3%	6.6%	2.0%	3.1%
Partnership	32.5%	10.8%	29.3%	17.0%	5.2%	4.0%
Corporation	35.8%	12.5%	28.2%	9.7%	2.7%	3.5%
GROSS INCOME						
Under \$50,000	52.3%	7.7%	26.3%	2.0%	.5%	4.4%
\$50,000-99,999	43.2%	13.5%	28.0%	7.0%	3.0%	2.2%
\$100,000-199,999	35.7%	11.1%	33.8%	8.7%	1.8%	3.0%
\$200,000 & Over	29.9%	10.9%	31.0%	15.5%	5.1%	3.8%
COMMUNITY						
Large City	35.2%	10.9%	35.6%	7.6%	3.0%	3.9%
Moderate City	37.6%	11.1%	29.6%	11.5%	1.9%	3.6%
Small City	40.6%	11.0%	28.4%	8.2%	3.1%	2.9%
Rural	41.7%	6.8%	36.2%	2.5%	2.2%	1.5%

CLIENT SERVICES (AVG # CLIENTS)

REGIONAL SUMMARY	Tax Returns	Tax Services	Write Up	Financial Statement	Audit	Mngt Advisory
	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM						
Sole Proprietor	244	66	33	7	2	6
Partnership	334	34	49	34	4	10
Corporation	522	49	74	17	4	7
GROSS INCOME						
Under \$50,000	124	19	12	2	1	7
\$50,000-99,999	253	64	36	9	2	3
\$100,000-199,999	369	68	34	11	3	6
\$200,000 & Over	431	68	83	27	5	11
COMMUNITY						
Large City	270	53	33	7	2	5
Moderate City	294	41	47	18	4	9
Small City	376	83	51	14	4	7
Rural	199	13	28	2	0	3

Table 3-2: SOUTH Summary

DEMOGRAPHICS

REGIONAL SUMMARY	Total	Sex		Years in Practice	Gross Income	Net Income	Full-time Employees	Part-time Employees	No. of Partners
		Male	Female	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM									
Sole Proprietor	64.3%	75.9%	24.1%	17.0	83,544	38,660	1.9	1.5	1.8
Partnership	7.6%	81.8%	18.2%	11.4	285,015	138,469	4.6	2.3	2.2
Corporation	28.2%	76.8%	23.2%	16.7	183,505	53,919	3.1	1.5	1.9
GROSS INCOME									
Under \$50,000	26.9%	61.0%	39.0%	14.5	25,766	14,763	1.1	1.3	1.7
\$50,000-99,999	28.7%	79.3%	20.7%	17.9	69,113	33,036	1.6	1.3	2.0
\$100,000-199,999	26.9%	81.8%	18.2%	16.0	133,794	55,533	2.0	1.7	1.8
\$200,000 & Over	17.5%	90.0%	10.0%	16.5	367,390	125,893	5.0	2.0	2.2
COMMUNITY									
Large City	25.0%	71.2%	28.8%	13.5	135,029	56,510	2.4	1.6	1.8
Moderate City	36.3%	78.3%	21.7%	16.4	134,477	52,172	2.7	1.6	2.0
Small City	31.8%	78.5%	21.5%	18.3	124,630	49,329	2.6	1.6	2.1
Rural	6.8%	80.0%	20.0%	19.2	67,590	29,137	2.1	1.6	1.8

EDUCATION

REGIONAL SUMMARY	Education				Certified		Enrolled/IRS	
	Hi School Corres.	Business 2 Yr Coll	4 Year College	Post Graduate	Yes	No	Yes	No
TYPE OF FIRM								
Sole Proprietor	8.6%	16.0%	51.9%	23.5%	41.9%	58.1%	48.1%	51.9%
Partnership	4.5%	13.6%	63.6%	18.2%	63.6%	36.4%	68.2%	31.8%
Corporation	6.1%	25.6%	42.7%	25.6%	39.0%	61.0%	58.8%	41.3%
GROSS INCOME								
Under \$50,000	11.7%	20.8%	49.4%	18.2%	31.2%	68.8%	43.2%	56.8%
\$50,000-99,999	4.9%	22.0%	42.7%	30.5%	48.1%	51.9%	46.3%	53.8%
\$100,000-199,999	7.8%	16.9%	53.2%	22.1%	37.7%	62.3%	57.3%	42.7%
\$200,000 & Over	6.0%	12.0%	58.0%	24.0%	58.0%	42.0%	69.4%	30.6%
COMMUNITY								
Large City	2.7%	12.3%	53.4%	31.5%	43.8%	56.2%	55.6%	44.4%
Moderate City	8.5%	13.2%	52.8%	25.5%	38.5%	61.5%	54.9%	45.1%
Small City	8.6%	28.0%	45.2%	18.3%	47.3%	52.7%	49.5%	50.5%
Rural	15.0%	30.0%	45.0%	10.0%	40.0%	60.0%	47.4%	52.6%

COMPUTER USAGE

REGIONAL SUMMARY	Computer Equipment		Taxes by Computer		Non Tax Computer		Computer Charges		
	Own	Don't Own	Yes	No	Yes	No	Not Charged	Included in Fee	Usage Basis
TYPE OF FIRM									
Sole Proprietor	78.0%	22.0%	69.8%	30.2%	79.1%	20.9%	33.5%	51.0%	15.5%
Partnership	81.0%	19.0%	95.5%	4.5%	95.5%	4.5%	40.9%	31.8%	27.3%
Corporation	84.1%	15.9%	76.8%	23.2%	91.5%	8.5%	22.4%	67.1%	10.5%
GROSS INCOME									
Under \$50,000	81.8%	18.2%	60.3%	39.7%	67.1%	32.9%	52.6%	38.6%	8.8%
\$50,000-99,999	73.1%	26.9%	64.2%	35.8%	81.5%	18.5%	24.6%	59.4%	15.9%
\$100,000-199,999	80.3%	19.7%	85.7%	14.3%	94.8%	5.2%	21.3%	61.3%	17.3%
\$200,000 & Over	87.2%	12.8%	94.0%	6.0%	98.0%	2.0%	24.5%	57.1%	18.4%
COMMUNITY									
Large City	72.7%	27.3%	76.4%	23.6%	84.9%	15.1%	28.8%	53.0%	18.2%
Moderate City	77.8%	22.2%	79.4%	20.6%	85.1%	14.9%	34.8%	47.2%	18.0%
Small City	86.9%	13.1%	66.3%	33.7%	83.7%	16.3%	29.6%	61.7%	8.6%
Rural	92.9%	7.1%	70.0%	30.0%	75.0%	25.0%	23.5%	58.8%	17.6%

FEDERAL TAX RETURNS

REGIONAL SUMMARY	1040 Non-Number	Itemized Avg. Fee	1040 Number	Itemized Avg. Fee	1065 Number	(Partner) Avg. Fee	1120 Number	(Corp) Avg. Fee
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM								
Sole Proprietor	67	\$56	216	\$140	11	\$229	22	\$333
Partnership	124	\$59	544	\$200	34	\$344	38	\$434
Corporation	103	\$66	254	\$145	22	\$262	42	\$382
GROSS INCOME								
Under \$50,000	72	\$53	117	\$105	6	\$174	8	\$280
\$50,000-99,999	55	\$50	194	\$140	10	\$237	19	\$333
\$100,000-199,999	98	\$63	311	\$151	13	\$253	35	\$376
\$200,000 & Over	113	\$80	469	\$206	44	\$336	65	\$461
COMMUNITY								
Large City	43	\$57	220	\$195	10	\$314	29	\$413
Moderate City	75	\$66	235	\$149	17	\$271	28	\$372
Small City	111	\$56	296	\$115	22	\$194	30	\$312
Rural	104	\$46	274	\$99	9	\$190	34	\$252

CLIENT SERVICES (AVG HOURLY FEES)

REGIONAL SUMMARY	1040 Itemized	Tax Services	Write Up	Financial Statement	Audit	Mngt Advisory
	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM						
Sole Proprietor	\$54.28	\$60.35	\$41.89	\$49.99	\$52.26	\$56.91
Partnership	\$65.00	\$68.95	\$37.80	\$57.94	\$59.58	\$68.57
Corporation	\$56.15	\$55.48	\$38.34	\$52.46	\$55.60	\$62.81
GROSS INCOME						
Under \$50,000	\$46.94	\$45.91	\$37.84	\$39.11	\$46.70	\$44.60
\$50,000-99,999	\$52.11	\$62.14	\$39.46	\$48.39	\$40.63	\$54.68
\$100,000-199,999	\$58.71	\$62.20	\$43.72	\$56.43	\$60.91	\$63.62
\$200,000 & Over	\$64.03	\$69.42	\$41.00	\$57.29	\$62.50	\$69.83
COMMUNITY						
Large City	\$60.95	\$63.34	\$40.07	\$53.89	\$69.72	\$65.90
Moderate City	\$57.98	\$60.68	\$44.05	\$53.42	\$59.85	\$63.71
Small City	\$50.74	\$57.85	\$36.92	\$47.11	\$41.90	\$52.84
Rural	\$49.38	\$50.80	\$39.33	\$51.64	\$53.75	\$46.80

CLIENT SERVICES (% GROSS INCOME)

REGIONAL SUMMARY	Tax Returns	Tax Services	Write Up	Financial Statement	Audit	Mngt Advisory
	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM						
Sole Proprietor	44.4%	7.7%	35.7%	3.6%	1.2%	2.9%
Partnership	50.1%	9.0%	20.5%	4.9%	7.9%	2.4%
Corporation	33.5%	11.9%	42.2%	4.7%	1.9%	2.9%
GROSS INCOME						
Under \$50,000	54.0%	8.5%	31.2%	1.9%	1.2%	1.4%
\$50,000-99,999	42.1%	8.8%	36.1%	3.5%	1.2%	2.2%
\$100,000-199,999	33.5%	8.1%	45.0%	5.2%	1.2%	4.9%
\$200,000 & Over	35.9%	12.1%	32.5%	6.1%	5.6%	2.9%
COMMUNITY						
Large City	37.7%	11.8%	35.4%	5.2%	1.2%	3.2%
Moderate City	40.2%	8.3%	38.8%	3.9%	1.8%	3.1%
Small City	44.4%	8.1%	34.2%	3.5%	2.5%	2.5%
Rural	52.7%	6.2%	36.2%	2.9%	3.0%	1.9%

CLIENT SERVICES (AVG # CLIENTS)

REGIONAL SUMMARY	Tax Returns	Tax Services	Write Up	Financial Statement	Audit	Mngt Advisory
	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM						
Sole Proprietor	238	34	31	6	1	7
Partnership	611	98	49	20	5	8
Corporation	281	90	52	8	2	9
GROSS INCOME						
Under \$50,000	157	22	13	2	1	2
\$50,000-99,999	227	60	30	4	2	4
\$100,000-199,999	329	42	46	8	1	8
\$200,000 & Over	483	121	79	20	4	23
COMMUNITY						
Large City	207	55	33	11	1	7
Moderate City	272	40	40	6	1	8
Small City	331	76	40	6	2	9
Rural	328	32	33	5	2	4

Table 3-3: NORTH CENTRAL Summary

DEMOGRAPHICS

REGIONAL SUMMARY	Total	Sex		Years in Practice	Gross Income	Net Income	Full-time Employees	Part-time Employees	No. of Partners
		Male	Female	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM									
Sole Proprietor	57.8%	77.0%	23.0%	18.1	108,001	43,286	2.3	2.1	1.3
Partnership	8.5%	88.9%	11.1%	21.8	292,444	99,625	4.9	2.1	2.2
Corporation	33.6%	90.1%	9.9%	17.9	203,417	57,836	3.5	1.8	1.6
GROSS INCOME									
Under \$50,000	19.1%	57.5%	42.5%	20.6	28,270	17,052	1.3	1.3	1.6
\$50,000-99,999	24.9%	86.5%	13.5%	15.5	69,270	32,370	1.3	1.6	1.2
\$100,000-199,999	27.3%	82.5%	17.5%	18.0	143,167	46,214	2.5	2.2	1.5
\$200,000 & Over	28.7%	96.7%	3.3%	19.7	329,500	101,793	4.9	2.6	2.0
COMMUNITY									
Large City	24.1%	82.4%	17.6%	20.3	185,848	63,878	3.1	1.8	1.9
Moderate City	34.0%	87.5%	12.5%	18.9	178,018	53,537	3.2	2.0	1.7
Small City	40.1%	80.0%	20.0%	16.6	122,960	47,506	2.9	2.2	1.6
Rural	1.9%	50.0%	50.0%	19.3	87,000	12,750	3.0	2.0	1.7

EDUCATION

REGIONAL SUMMARY	Education				Certified		Enrolled/IRS	
	Hi School Corres.	Business 2 Yr Coll	4 Year College	Post Graduate	Yes	No	Yes	No
TYPE OF FIRM								
Sole Proprietor	9.9%	24.0%	52.1%	14.0%	50.8%	49.2%	61.9%	38.1%
Partnership	5.6%	5.6%	61.1%	27.8%	83.3%	16.7%	55.6%	44.4%
Corporation	2.8%	22.5%	53.5%	21.1%	36.6%	63.4%	76.5%	23.5%
GROSS INCOME								
Under \$50,000	20.5%	20.5%	43.6%	15.4%	52.5%	47.5%	42.5%	57.5%
\$50,000-99,999	1.9%	30.8%	44.2%	23.1%	42.3%	57.7%	62.7%	37.3%
\$100,000-199,999	5.3%	19.3%	63.2%	12.3%	49.1%	50.9%	76.4%	23.6%
\$200,000 & Over	3.3%	20.0%	58.3%	18.3%	50.0%	50.0%	75.0%	25.0%
COMMUNITY								
Large City	5.9%	15.7%	52.9%	25.5%	54.9%	45.1%	66.0%	34.0%
Moderate City	.0%	23.6%	59.7%	16.7%	47.2%	52.8%	69.6%	30.4%
Small City	11.9%	25.0%	48.8%	14.3%	47.1%	52.9%	63.5%	36.5%
Rural	50.0%	25.0%	25.0%	.0%	25.0%	75.0%	75.0%	25.0%

COMPUTER USAGE

REGIONAL SUMMARY	Computer Equipment		Taxes by Computer		Non Tax Computer		Computer Charges		
	Own	Don't Own	Yes	No	Yes	No	Not Charged	Included in Fee	Usage Basis
TYPE OF FIRM									
Sole Proprietor	71.1%	28.9%	76.3%	23.7%	86.4%	13.6%	25.0%	57.4%	17.6%
Partnership	88.2%	11.8%	94.4%	5.6%	100.0%	.0%	27.8%	61.1%	11.1%
Corporation	68.4%	31.6%	81.4%	18.6%	95.7%	4.3%	30.4%	56.5%	13.0%
GROSS INCOME									
Under \$50,000	77.8%	22.2%	71.1%	28.9%	78.9%	21.1%	46.9%	43.8%	9.4%
\$50,000-99,999	58.3%	41.7%	72.0%	28.0%	88.0%	12.0%	12.5%	70.8%	16.7%
\$100,000-199,999	73.3%	26.7%	78.9%	21.1%	93.0%	7.0%	27.3%	56.4%	16.4%
\$200,000 & Over	77.8%	22.2%	91.5%	8.5%	98.3%	1.7%	29.3%	58.6%	12.1%
COMMUNITY									
Large City	61.0%	39.0%	83.7%	16.3%	93.9%	6.1%	28.3%	58.7%	13.0%
Moderate City	74.1%	25.9%	82.9%	17.1%	92.9%	7.1%	29.4%	60.3%	10.3%
Small City	76.6%	23.4%	76.2%	23.8%	86.9%	13.1%	24.4%	55.1%	20.5%
Rural	100.0%	.0%	50.0%	50.0%	100.0%	.0%	25.0%	50.0%	25.0%

FEDERAL TAX RETURNS

REGIONAL SUMMARY	1040 Non-Number	Itemized Avg. Fee	1040 Number	Itemized Avg. Fee	1065 Number	(Partner) Avg. Fee	1120 Number	(Corp) Avg. Fee
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM								
Sole Proprietor	105	\$49	276	\$112	13	\$236	23	\$318
Partnership	156	\$57	552	\$172	46	\$299	76	\$451
Corporation	132	\$55	502	\$121	23	\$250	55	\$384
GROSS INCOME								
Under \$50,000	80	\$35	184	\$73	7	\$134	7	\$182
\$50,000-99,999	70	\$48	209	\$120	9	\$238	17	\$343
\$100,000-199,999	139	\$61	412	\$126	16	\$245	35	\$413
\$200,000 & Over	157	\$53	630	\$143	37	\$308	80	\$379
COMMUNITY								
Large City	94	\$61	317	\$157	20	\$370	38	\$459
Moderate City	88	\$51	441	\$115	21	\$206	48	\$315
Small City	162	\$47	369	\$103	18	\$208	31	\$324
Rural	74	\$33	132	\$43	7	\$150	5	\$150

CLIENT SERVICES (AVG HOURLY FEES)

REGIONAL SUMMARY	1040 Itemized	Tax Services	Write Up	Financial Statement	Audit	Mngt Advisory
	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM						
Sole Proprietor	\$53.81	\$52.07	\$37.26	\$45.75	\$51.23	\$57.98
Partnership	\$62.50	\$55.38	\$37.50	\$50.67	\$55.50	\$66.50
Corporation	\$62.10	\$55.62	\$41.05	\$49.00	\$50.70	\$56.95
GROSS INCOME						
Under \$50,000	\$38.42	\$36.67	\$30.83	\$39.13	\$42.50	\$36.67
\$50,000-99,999	\$49.26	\$49.49	\$40.38	\$43.79	\$36.56	\$50.80
\$100,000-199,999	\$60.06	\$57.33	\$39.57	\$48.48	\$57.52	\$59.81
\$200,000 & Over	\$70.62	\$63.93	\$40.92	\$53.49	\$61.45	\$70.26
COMMUNITY						
Large City	\$67.07	\$61.14	\$41.63	\$52.67	\$56.21	\$66.06
Moderate City	\$62.23	\$57.05	\$40.75	\$48.69	\$56.19	\$60.95
Small City	\$45.76	\$46.70	\$34.56	\$42.36	\$44.04	\$49.67
Rural	.	\$26.67	\$36.75	\$27.50	\$40.00	.

CLIENT SERVICES (% GROSS INCOME)

REGIONAL SUMMARY	Tax Returns	Tax Services	Write Up	Financial Statement	Audit	Mngt Advisory
	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM						
Sole Proprietor	47.3%	7.3%	33.6%	5.2%	1.4%	2.5%
Partnership	36.1%	7.8%	32.4%	14.1%	4.9%	4.0%
Corporation	33.6%	8.6%	42.4%	5.7%	3.0%	2.3%
GROSS INCOME						
Under \$50,000	64.0%	3.8%	26.5%	3.9%	.7%	.6%
\$50,000-99,999	41.4%	6.2%	40.5%	5.1%	1.3%	2.6%
\$100,000-199,999	35.9%	7.8%	44.3%	5.9%	3.2%	2.1%
\$200,000 & Over	32.7%	11.6%	32.2%	8.7%	3.1%	4.3%
COMMUNITY						
Large City	33.1%	10.1%	37.0%	10.3%	3.6%	3.8%
Moderate City	39.0%	9.2%	36.3%	5.6%	1.9%	3.1%
Small City	49.1%	5.3%	36.9%	4.3%	1.5%	1.4%
Rural	49.0%	4.8%	25.0%	.0%	4.2%	.0%

CLIENT SERVICES (AVG # CLIENTS)

REGIONAL SUMMARY	Tax Returns	Tax Services	Write Up	Financial Statement	Audit	Mngt Advisory
	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM						
Sole Proprietor	342	45	38	7	1	4
Partnership	545	56	55	25	3	9
Corporation	538	100	73	9	3	10
GROSS INCOME						
Under \$50,000	251	13	14	3	0	2
\$50,000-99,999	270	28	31	6	1	3
\$100,000-199,999	497	47	65	7	3	4
\$200,000 & Over	606	137	83	19	3	16
COMMUNITY						
Large City	309	48	50	12	3	4
Moderate City	453	48	58	8	1	9
Small City	474	82	47	8	2	6
Rural	266	180	45	10	1	0

Table 3-4: WEST Summary

DEMOGRAPHICS

REGIONAL SUMMARY	Total	Sex		Years in Practice	Gross Income	Net Income	Full-time Employees	Part-time Employees	No. of Partners
		Male	Female	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM									
Sole Proprietor	65.4%	80.3%	19.7%	17.6	100,547	43,853	2.2	1.4	6.8
Partnership	9.6%	78.3%	21.7%	16.7	202,000	92,809	2.8	1.9	2.3
Corporation	25.0%	85.0%	15.0%	14.9	199,258	63,532	3.1	2.3	1.8
GROSS INCOME									
Under \$50,000	26.2%	67.7%	32.3%	20.3	27,870	14,862	.9	1.1	5.0
\$50,000-99,999	27.0%	81.3%	18.8%	13.6	72,285	36,250	1.2	1.4	1.6
\$100,000-199,999	25.3%	86.7%	13.3%	15.8	140,342	57,778	2.1	1.7	1.9
\$200,000 & Over	21.5%	92.2%	7.8%	17.3	337,235	117,204	4.1	2.5	1.8
COMMUNITY									
Large City	37.7%	84.4%	15.6%	15.7	129,999	53,239	2.1	1.9	2.2
Moderate City	33.1%	81.0%	19.0%	15.8	160,667	57,913	3.2	1.7	1.7
Small City	25.9%	82.3%	17.7%	19.2	115,892	50,417	2.4	1.5	2.9
Rural	3.3%	50.0%	50.0%	17.5	102,433	35,925	1.6	.8	1.5

EDUCATION

REGIONAL SUMMARY	Education				Certified		Enrolled/IRS	
	Hi School Corres.	Business 2 Yr Coll	4 Year College	Post Graduate	Yes	No	Yes	No
TYPE OF FIRM								
Sole Proprietor	8.3%	19.1%	43.3%	29.3%	44.4%	55.6%	57.4%	42.6%
Partnership	4.3%	8.7%	65.2%	21.7%	43.5%	56.5%	68.2%	31.8%
Corporation	3.3%	15.0%	46.7%	35.0%	45.0%	55.0%	59.6%	40.4%
GROSS INCOME								
Under \$50,000	11.3%	22.6%	35.5%	30.6%	41.9%	58.1%	49.2%	50.8%
\$50,000-99,999	7.8%	20.3%	42.2%	29.7%	29.7%	70.3%	59.0%	41.0%
\$100,000-199,999	3.3%	16.7%	51.7%	28.3%	54.2%	45.8%	59.6%	40.4%
\$200,000 & Over	3.9%	7.8%	60.8%	27.5%	55.1%	44.9%	68.1%	31.9%
COMMUNITY								
Large City	3.3%	11.1%	50.0%	35.6%	47.8%	52.2%	67.1%	32.9%
Moderate City	6.3%	20.3%	43.0%	30.4%	41.6%	58.4%	54.7%	45.3%
Small City	8.1%	19.4%	48.4%	24.2%	43.3%	56.7%	56.9%	43.1%
Rural	25.0%	37.5%	37.5%	.0%	50.0%	50.0%	25.0%	75.0%

COMPUTER USAGE

REGIONAL SUMMARY	Computer Equipment		Taxes by Computer		Non Tax Computer		Computer Charges		
	Own	Don't Own	Yes	No	Yes	No	Not Charged	Included in Fee	Usage Basis
TYPE OF FIRM									
Sole Proprietor	37.2%	62.8%	84.9%	15.1%	84.0%	16.0%	28.2%	53.5%	18.3%
Partnership	52.4%	47.6%	91.3%	8.7%	78.3%	21.7%	47.6%	33.3%	19.0%
Corporation	57.4%	42.6%	91.7%	8.3%	94.9%	5.1%	35.0%	43.3%	21.7%
GROSS INCOME									
Under \$50,000	34.1%	65.9%	70.7%	29.3%	71.9%	28.1%	32.1%	49.1%	18.9%
\$50,000-99,999	50.0%	50.0%	87.5%	12.5%	87.1%	12.9%	34.4%	49.2%	16.4%
\$100,000-199,999	50.0%	50.0%	93.2%	6.8%	89.8%	10.2%	29.1%	60.0%	10.9%
\$200,000 & Over	40.0%	60.0%	98.0%	2.0%	96.1%	3.9%	29.4%	37.3%	33.3%
COMMUNITY									
Large City	38.0%	62.0%	89.9%	10.1%	82.6%	17.4%	40.4%	49.4%	10.1%
Moderate City	38.8%	61.2%	84.8%	15.2%	93.7%	6.3%	26.0%	50.7%	23.3%
Small City	55.8%	44.2%	86.7%	13.3%	80.0%	20.0%	27.8%	44.4%	27.8%
Rural	83.3%	16.7%	85.7%	14.3%	100.0%	.0%	14.3%	71.4%	14.3%

FEDERAL TAX RETURNS

REGIONAL SUMMARY	1040 Non-Itemized	Itemized Avg. Fee	1040 Number	Itemized Avg. Fee	1065 Number	(Partner) Avg. Fee	1120 Number	(Corp) Avg. Fee
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM								
Sole Proprietor	61	\$65	232	\$178	11	\$304	15	\$405
Partnership	163	\$105	336	\$190	26	\$372	20	\$490
Corporation	71	\$63	305	\$210	16	\$356	29	\$551
GROSS INCOME								
Under \$50,000	37	\$61	97	\$153	7	\$241	5	\$333
\$50,000-99,999	51	\$59	203	\$150	9	\$281	11	\$420
\$100,000-199,999	87	\$68	273	\$200	13	\$335	21	\$422
\$200,000 & Over	130	\$90	459	\$250	26	\$411	37	\$596
COMMUNITY								
Large City	69	\$74	238	\$208	12	\$351	22	\$513
Moderate City	51	\$65	278	\$188	15	\$339	18	\$428
Small City	103	\$64	269	\$153	15	\$272	16	\$384
Rural	70	\$50	267	\$158	16	\$257	19	\$470

CLIENT SERVICES (AVG HOURLY FEES)

REGIONAL SUMMARY	1040 Itemized	Tax Services	Write Up	Financial Statement	Audit	Mngt Advisory
	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM						
Sole Proprietor	\$64.93	\$67.43	\$40.01	\$57.91	\$63.52	\$66.97
Partnership	\$78.12	\$70.71	\$47.18	\$60.54	\$74.17	\$64.58
Corporation	\$89.40	\$87.92	\$51.73	\$66.27	\$66.41	\$80.45
GROSS INCOME						
Under \$50,000	\$48.20	\$56.61	\$34.54	\$43.60	\$41.67	\$53.82
\$50,000-99,999	\$70.29	\$66.18	\$40.87	\$59.78	\$68.46	\$63.50
\$100,000-199,999	\$69.66	\$77.24	\$47.74	\$59.38	\$62.44	\$72.21
\$200,000 & Over	\$96.29	\$94.95	\$51.21	\$72.03	\$71.87	\$87.37
COMMUNITY						
Large City	\$76.12	\$77.58	\$47.71	\$64.80	\$67.14	\$73.77
Moderate City	\$72.42	\$74.77	\$44.98	\$60.55	\$61.84	\$73.28
Small City	\$63.76	\$64.98	\$37.76	\$54.29	\$67.11	\$59.08
Rural	\$101.25	\$61.25	\$29.50	\$45.00	.	\$60.00

CLIENT SERVICES (% GROSS INCOME)

REGIONAL SUMMARY	Tax Returns	Tax Services	Write Up	Financial Statement	Audit	Mngt Advisory
	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM						
Sole Proprietor	51.5%	10.3%	26.6%	4.4%	1.6%	2.5%
Partnership	49.1%	8.9%	30.6%	5.1%	.1%	4.1%
Corporation	43.5%	10.4%	31.1%	4.4%	1.7%	4.0%
GROSS INCOME						
Under \$50,000	61.5%	11.6%	21.9%	1.8%	1.8%	1.3%
\$50,000-99,999	49.7%	9.0%	28.3%	3.6%	1.1%	3.6%
\$100,000-199,999	45.1%	9.1%	30.1%	6.2%	1.5%	3.3%
\$200,000 & Over	39.1%	11.1%	33.8%	6.6%	1.6%	3.3%
COMMUNITY						
Large City	45.0%	12.3%	27.1%	5.8%	1.6%	3.8%
Moderate City	47.2%	11.5%	28.8%	4.4%	1.2%	3.8%
Small City	57.4%	6.9%	27.6%	3.2%	2.0%	1.0%
Rural	52.1%	5.1%	37.3%	1.4%	.0%	4.0%

CLIENT SERVICES (AVG # CLIENTS)

REGIONAL SUMMARY	Tax Returns	Tax Services	Write Up	Financial Statement	Audit	Mngt Advisory
	Mean	Mean	Mean	Mean	Mean	Mean
TYPE OF FIRM						
Sole Proprietor	243	46	27	4	1	7
Partnership	454	26	37	5	0	5
Corporation	335	66	42	4	1	10
GROSS INCOME						
Under \$50,000	133	19	9	1	0	2
\$50,000-99,999	238	38	19	3	1	10
\$100,000-199,999	346	43	35	5	1	8
\$200,000 & Over	459	109	73	8	1	11
COMMUNITY						
Large City	265	40	27	5	1	7
Moderate City	271	79	37	4	1	12
Small City	341	33	33	4	1	3
Rural	268	25	37	1	0	9

GROSS AND NET INCOMES OF ACCOUNTING FIRMS

Participants in the 1988 survey were asked to estimate the gross and net incomes of their firms for the calendar year 1988. The estimated gross income is also employed as a demographic variable to classify firms for tabulation.

Accounting firms estimated their average gross income for 1988 would be \$146,741. This represents a 17.7% increase over the 1984 average of \$124,697 reported in the 1985 NSPA survey.

Twenty-three percent of all firms estimated that their gross incomes would be under \$50,000, while another 23% estimated their gross would exceed \$200,000.

Although the mean, or average, was used to make the comparison to 1984, problems are encountered occasionally when using averages in analyzing income data. The mean can be skewed, particularly in cells where there are few respondents, because of extremely high or extremely low reports by a few respondents. Generally, the median will represent a more "typical" or reliable statistic for income data.

The median gross income for 1988 for sole proprietorships, which represented over sixty percent of all firms in the survey, was \$75,000. This was surpassed by the median gross income of \$204,329 for partnerships and \$151,000 for incorporated firms.

Accounting firms in the Northeast and North Central regions reported the highest median gross incomes estimated for 1988, both at \$120,000. They were followed by median gross income of \$90,000 for firms in the West and \$81,500 for firms in the South.

As seen in Table 4-2, gross incomes of accounting firms correlate strongly with the size of the city in which the firm's marketing area is located. While rural practices anticipated a gross income of \$53,000, those in small cities expected a total of \$90,000. Firms located in moderate-sized cities estimated gross income of \$110,000, and practices in large cities expected to gross \$115,000 for the year.

Strong correlations also exist among the indicators of the size of accounting firms such as the number of full-time staff and the number of tax returns prepared. In every case, the larger the number of staff or the number of returns prepared, the greater the gross income of the firm.

Median net income was highest, at \$55,000, for accounting firms in the Northeast. Net incomes in the other three regions were closely clustered, ranging from \$35,000 to \$39,000.

The ratio of net to gross income was also highest in the Northeast, with the net equalling 45.8% of gross income.

Similar to the gross income, net income was highly correlated with the size of the city in which the firm was located, the number of staff and the number of tax returns prepared by the firm. The median income of firms generally increased as the specific demographic classification grew larger. Data on net incomes are shown in Table 4-3.

Table 4-1: Demographics by Gross Income

DEMOGRAPHICS	GROSS INCOME				TOTAL
	Under \$50,000	\$50,000-99,999	\$100,000-199,999	\$200,000 & Over	
Type of Firm					
Sole Proprietor	20.4%	18.3%	17.5%	7.2%	63.5%
Partnership	.7%	1.5%	2.3%	5.7%	10.2%
Corporation	1.9%	5.6%	8.9%	9.9%	26.3%
FULL-TIME STAFF					
One	5.8%	15.4%	11.6%	2.4%	35.2%
Two	.8%	5.2%	14.3%	4.9%	25.2%
3 or More	.3%	2.0%	10.1%	27.2%	39.6%
Community					
Large City	5.3%	7.6%	7.9%	7.3%	28.0%
Moderate City	7.7%	6.7%	11.2%	8.7%	34.3%
Small City	8.2%	9.5%	8.9%	6.6%	33.2%
Rural	1.8%	1.7%	.6%	.3%	4.5%
GROSS INCOME					
Under \$50,000	23.0%	.0%	.0%	.0%	23.0%
\$50,000- 99,999	.0%	25.5%	.0%	.0%	25.5%
\$100,000- 199,999	.0%	.0%	28.7%	.0%	28.7%
\$200,000 & Over	.0%	.0%	.0%	22.8%	22.8%
REGION					
Northeast	4.9%	5.6%	9.0%	6.6%	26.1%
South	7.8%	8.3%	7.8%	5.1%	28.9%
North Central	4.0%	5.3%	5.8%	6.1%	21.1%
West	6.3%	6.5%	6.1%	5.2%	23.9%
TOTAL	23.0%	25.6%	28.6%	22.8%	100.0%

Table 4-2: Mean and Median Gross Income

	GROSS INCOME		
	COUNT	MEAN	MEDIAN
TYPE OF FIRM			
Sole Proprietor	627	\$98,272	\$75,000
Partnership	101	\$270,033	\$204,329
Corporation	260	\$216,118	\$151,000
REGION			
Northeast	258	\$171,940	\$120,000
South	286	\$127,003	\$81,500
North Central	209	\$156,284	\$120,000
West	237	\$134,910	\$90,000
COMMUNITY			
Large City	277	\$159,857	\$115,000
Moderate City	339	\$158,191	\$110,000
Small City	328	\$133,965	\$90,000
Rural	44	\$76,799	\$53,000
GROSS INCOME			
Under \$50,000	228	\$27,067	\$30,000
\$50,000-99,999	253	\$70,103	\$70,000
\$100,000-199,999	284	\$138,150	\$135,000
\$200,000 & Over	226	\$364,064	\$300,000
FULL-TIME STAFF			
One	224	\$99,446	\$85,000
Two	160	\$152,726	\$130,000
3 or More	252	\$307,616	\$240,000

Table 4-3: Mean and Median Net Income

	NET INCOME		
	COUNT	MEAN	MEDIAN
TYPE OF FIRM			
Sole Proprietor	616	\$44,724	\$35,000
Partnership	98	\$116,593	\$100,000
Corporation	246	\$65,034	\$40,000
REGION			
Northeast	251	\$71,728	\$55,000
South	279	\$50,687	\$35,000
North Central	200	\$52,851	\$38,000
West	232	\$53,292	\$39,000
COMMUNITY			
Large City	269	\$63,418	\$45,000
Moderate City	328	\$60,266	\$43,307
Small City	319	\$52,699	\$36,000
Rural	44	\$31,196	\$25,500
GROSS INCOME			
Under \$50,000	219	\$15,809	\$15,000
\$50,000-99,999	247	\$35,420	\$35,000
\$100,000-199,999	279	\$58,811	\$60,000
\$200,000 & Over	216	\$122,246	\$100,000
FULL-TIME STAFF			
One	221	\$49,301	\$40,000
Two	153	\$63,812	\$50,000
3 or More	242	\$92,385	\$77,500

SOURCES OF INCOME

Tax return preparation was responsible for 45.6% of the annual gross income for the average sole proprietorship public accounting firm. Write-up work provided another 32.2%, tax services 8.9%, and the preparation of financial statements 5.0%. Other services provided by sole proprietors, including audit accounts, management advisory services, and miscellaneous services, represented 8.3% of their gross income.

For corporations, the proportion of gross income derived from each type of service was significantly different from that of sole proprietorships. Write-up work was the major source of corporate income, at 37.0%, and tax return preparation, the secondary source, earned 36.3%.

Partnerships reported that, on average, 11.2% of their gross income was produced by preparing financial statement. Their dependence on tax return work was somewhat reduced, but it nevertheless accounted for 40.7% of their income.

Regionally, firms in the West reported the greatest proportion of income derived from tax returns, 49.1%. They reported correspondingly lower income production from write-up work, with the share of income earned by other services much the same as other regions.

Data in Table 5-1 show that the size of community had a significant effect on the mix of gross income production. Firms in larger cities earned a smaller proportion from tax returns, and proportionally greater proportions from other tax services, preparation of financial statements, audit, management advisory services and miscellaneous services. This is probably related to the greater number of businesses located in more densely populated metropolitan areas.

Firms in rural locations reported a larger proportion of their incomes from tax returns but also a greater proportion from write-up work.

Table 5-2 shows the number of clients for whom public accounting firms provide various services, broken down by characteristics of the firms. The number of clients is defined as those clients for which the primary service provided is the listed one. Sole proprietors, for example, averaged 260 clients for whom only tax returns were prepared, 49 primarily for tax services, 32 for write-up, six for financial statements, one audit client, six for management advisory services, and three for other services.

Significantly, firms in the West, which reported the highest proportion of gross income from tax return work, had the lowest average number of clients for tax returns, 288.

This is in contrast to the average of 423 tax return clients for firms in the North Central region. Northeastern and Southern firms reported 312 and 274 tax return clients per firm, respectively.

Firms in the North Central region also reported the highest average number of clients for tax services and write-up work. Western firms reported the least clients for these services.

Table 5-1: Percent of Gross Income, by Type of Service

CLIENT SERVICES % OF GROSS INCOME	TAX RETURNS	TAX SERVICES	WRITE-UP WORK	FINANCIAL STATEMENT	AUDIT ACCOUNTS	MNGT ADVISORY SERVICES	OTHER
	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
TYPE OF FIRM							
Sole Proprietor	45.6%	8.9%	32.2%	5.0%	1.6%	2.8%	4.0%
Partnership	40.7%	9.5%	28.1%	11.2%	4.6%	3.7%	2.3%
Corporation	36.3%	10.8%	37.0%	5.8%	2.3%	3.1%	4.7%
REGION							
Northeast	38.6%	10.8%	30.9%	8.8%	2.6%	3.3%	5.0%
South	41.8%	9.0%	36.3%	4.0%	1.9%	2.8%	4.1%
North Central	41.7%	7.8%	36.5%	6.1%	2.2%	2.6%	3.1%
West	49.1%	10.3%	28.1%	4.5%	1.5%	3.0%	3.4%
COMMUNITY							
Large City	38.5%	11.4%	33.1%	6.9%	2.2%	3.6%	4.1%
Moderate City	40.9%	9.9%	33.7%	6.3%	1.7%	3.4%	4.1%
Small City	46.9%	8.0%	31.9%	5.0%	2.3%	2.1%	3.7%
Rural	49.0%	6.1%	35.3%	2.3%	2.4%	2.0%	3.0%
GROSS INCOME							
Under \$50,000	57.5%	8.3%	26.8%	2.2%	1.1%	1.9%	2.2%
\$50,000-99,999	44.1%	9.3%	33.4%	4.6%	1.6%	2.7%	4.5%
\$100,000-199,999	37.1%	9.2%	38.2%	6.7%	1.9%	3.4%	3.5%
\$200,000 & Over	34.0%	11.4%	32.3%	9.7%	3.9%	3.6%	5.2%
FULL-TIME STAFF							
One	40.9%	9.4%	34.9%	5.8%	1.7%	2.9%	4.3%
Two	38.9%	8.7%	35.8%	6.0%	2.0%	3.0%	5.6%
3 or More	34.8%	10.2%	35.5%	8.4%	3.6%	3.4%	4.1%

Table 5-2: Mean Number of Clients, by Type of Service

CLIENT SERVICES NUMBER OF CLIENTS	TAX RETURNS	TAX SERVICES	WRITE-UP WORK	FINANCIAL STATEMENT	AUDIT ACCOUNTS	MNGT ADVISORY SERVICES	OTHER
	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
TYPE OF FIRM							
Sole Proprietor	260	49	32	6	1	6	3
Partnership	454	49	47	23	3	8	6
Corporation	406	78	59	9	2	9	1
REGION							
Northeast	312	57	43	13	3	7	3
South	274	55	38	7	1	7	2
North Central	423	64	51	9	2	6	3
West	288	53	32	4	1	8	3
COMMUNITY							
Large City	256	48	34	8	1	6	2
Moderate City	315	53	45	9	2	9	4
Small City	381	71	43	8	2	6	3
Rural	273	39	33	4	1	4	3
GROSS INCOME							
Under \$50,000	157	19	12	2	0	3	1
\$50,000-99,999	244	48	29	5	1	5	3
\$100,000-199,999	377	51	44	8	2	6	2
\$200,000 & Over	495	110	80	19	4	15	6
FULL-TIME STAFF							
One	250	42	31	6	1	7	3
Two	356	61	46	9	2	6	1
3 or More	513	109	80	18	4	14	6

FEES FOR TAX RETURN SERVICES

Fees for 1988 tax return preparation are analyzed extensively in Tables 6-1 through 6-6 in this chapter. Table 6-7 reports on fees for representing clients that have been selected for audit by the Internal Revenue Service.

The first two tables, 6-1 through 6-2, contain a summary of the 1988 minimum, average and hourly fees charged for a non-itemized Form 1040, an itemized Form 1040, a Form 1065 partnership return, and a Form 1120 corporate return.

Tables 6-3 through 6-6 provide an even more intensive analysis of the average and hourly fees for tax return preparation. Here, in addition to the mean fee for each type of return, the median and first and third quartiles of replies are given. The data in all tables are broken down further by selected demographic characteristics.

Large-city firms tended to have the highest or near-highest average, hourly and minimum fees for all types of tax returns. Public accountants located in rural areas tended to have lower fees for all returns but to prepare more tax returns than those in larger cities.

The first type of return analyzed in each set of tables is the non-itemized Form 1040, and highlights from some of the tables are noted below. It should be mentioned that firms reported preparing relatively few non-itemized returns, and most firms, on average, prepared two to three times as many itemized 1040's.

Sole proprietorships offered the lowest average fee, at \$60, for preparation of an Form 1040 that was not itemized. Corporations average fee for this was \$64, followed by partnerships, at \$64. Corporations, however, had, on average, the lowest minimum fees of \$43.

Firms in the Northeast had the highest average fees charged for a non-itemized Form 1040, at \$70, followed closely by firms in the West, with an average fee of \$68 for this type of return.

Fees for itemized Forms 1040 varied widely among different types of firm. An average fee of \$119 was charged by firms that prepared 400 or more returns in 1988, while firms that prepared less than \$100 had an average fee of \$210.

Average charges for preparation of a partnership return, Form 1065, was higher than for a Form 1040 in all breakouts shown. However, the mean hourly rate was not higher in every case.

Accountants in the Northeast reported an average fee in 1988 of \$536 for preparing a corporate return, Form 1120; North Central firms reported an average \$352. Western firms had average fees of \$450.

Sole proprietorship firms listed mean hourly fees for a non-itemized Form 1040 at \$57 and hourly rates of \$61 for preparing an itemized Form 1040. Their mean hourly rates for preparation of Forms 1065 and 1120 were \$62 and \$64, respectively.

Generally, the highest hourly rates for tax return preparation were found among firms in the Northeast and the West. Larger firms, those with higher incomes or larger staffs, also tended to report higher hourly fees.

Average hourly fees for representing a client chosen for audit by the Internal Revenue Service were, in most cases, slightly lower than the average hourly rate for preparation of a corporate tax return. The median fees, however, were the same in most circumstances.

Table 6-1: Minimum, Average and Hourly Fees for Preparation of Form 1040

FEDERAL TAX RETURNS	FORM 1040-NOT ITEMIZED				FORM 1040 ITEMIZED			
	# OF RETURNS	MINIMUM FEE	AVERAGE FEE	HOURLY FEE	# OF RETURNS	MINIMUM FEE	AVERAGE FEE	HOURLY FEE
	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
Type of Firm								
Sole Proprietor	71	\$49	\$60	\$57	239	\$81	\$155	\$61
Partnership	127	\$48	\$76	\$65	415	\$96	\$185	\$72
Corporation	103	\$43	\$64	\$62	380	\$98	\$166	\$73
REGION								
Northeast	73	\$55	\$70	\$65	309	\$100	\$186	\$75
South	81	\$48	\$59	\$53	253	\$78	\$147	\$56
North Central	119	\$36	\$51	\$55	379	\$68	\$119	\$57
West	72	\$46	\$68	\$63	260	\$98	\$186	\$73
Community								
Large City	65	\$50	\$70	\$66	258	\$103	\$213	\$71
Moderate City	71	\$52	\$61	\$56	309	\$85	\$149	\$65
Small City	117	\$42	\$59	\$56	323	\$77	\$133	\$59
Rural	85	\$31	\$49	\$50	246	\$71	\$117	\$63
GROSS INCOME								
Under \$50,000	60	\$48	\$53	\$43	120	\$68	\$118	\$49
\$50,000- 99,999	56	\$40	\$54	\$57	213	\$79	\$154	\$59
\$100,000- 199,999	100	\$47	\$64	\$61	336	\$91	\$161	\$68
\$200,000 & Over	122	\$55	\$79	\$70	503	\$107	\$208	\$79
FULL-TIME STAFF								
One	63	\$41	\$57	\$60	230	\$83	\$139	\$62
Two	89	\$47	\$62	\$61	337	\$92	\$157	\$70
3 or More	129	\$48	\$69	\$61	494	\$94	\$177	\$68

Table 6-2: Minimum, Average and Hourly Fees for Preparation of Forms 1065 & 1120

FEDERAL TAX RETURNS	FORM 1065 PARTNERSHIP				FORM 1120 CORPORATION			
	# OF RETURNS	MINIMUM FEE	AVERAGE FEE	HOURLY FEE	# OF RETURNS	MINIMUM FEE	AVERAGE FEE	HOURLY FEE
	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
Type of Firm								
Sole Proprietor	12	\$191	\$271	\$62	22	\$277	\$403	\$64
Partnership	32	\$223	\$359	\$77	48	\$361	\$488	\$77
Corporation	21	\$206	\$307	\$85	45	\$264	\$441	\$80
REGION								
Northeast	17	\$229	\$345	\$82	39	\$377	\$536	\$80
South	16	\$183	\$251	\$57	29	\$246	\$357	\$58
North Central	19	\$154	\$245	\$60	39	\$207	\$352	\$57
West	14	\$222	\$324	\$83	19	\$291	\$450	\$85
Community								
Large City	14	\$249	\$357	\$80	31	\$316	\$488	\$81
Moderate City	17	\$194	\$288	\$68	34	\$295	\$422	\$68
Small City	19	\$166	\$249	\$65	31	\$248	\$381	\$63
Rural	11	\$158	\$204	\$60	24	\$220	\$285	\$65
GROSS INCOME								
Under \$50,000	6	\$160	\$208	\$47	7	\$239	\$324	\$52
\$50,000- 99,999	10	\$208	\$255	\$63	17	\$284	\$368	\$63
\$100,000- 199,999	13	\$200	\$294	\$74	32	\$275	\$458	\$75
\$200,000 & Over	35	\$212	\$375	\$85	66	\$328	\$514	\$81
FULL-TIME STAFF								
One	10	\$223	\$275	\$66	22	\$308	\$413	\$65
Two	17	\$182	\$288	\$80	31	\$265	\$422	\$81
3 or More	32	\$192	\$318	\$74	63	\$293	\$450	\$70

Table 6-3: Analysis of Average Fees for Form 1040 Preparation

FEDERAL TAX RETURNS AVERAGE FEE	1040 NOT ITEMIZED					1040 ITEMIZED				
	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE
TYPE OF FIRM										
Sole Proprietor	484	\$60	\$34	\$50	\$75	562	\$155	\$80	\$125	\$175
Partnership	74	\$76	\$40	\$60	\$85	91	\$185	\$95	\$150	\$250
Corporation	191	\$64	\$35	\$50	\$75	234	\$166	\$85	\$125	\$200
REGION										
Northeast	190	\$70	\$40	\$50	\$75	228	\$186	\$90	\$125	\$200
South	220	\$59	\$27	\$48	\$75	262	\$147	\$79	\$115	\$175
North Central	168	\$51	\$30	\$45	\$60	184	\$119	\$70	\$95	\$150
West	172	\$68	\$40	\$59	\$75	215	\$186	\$120	\$160	\$225
COMMUNITY										
Large City	198	\$70	\$40	\$50	\$75	251	\$213	\$100	\$150	\$250
Moderate City	268	\$61	\$35	\$50	\$75	312	\$149	\$85	\$125	\$190
Small City	250	\$59	\$30	\$49	\$75	289	\$133	\$75	\$100	\$160
Rural	34	\$49	\$25	\$41	\$64	36	\$117	\$63	\$100	\$168
GROSS INCOME										
Under \$50,000	160	\$53	\$30	\$40	\$69	191	\$118	\$65	\$94	\$150
\$50,000-99,999	197	\$54	\$27	\$40	\$60	231	\$154	\$76	\$100	\$175
\$100,000-199,999	230	\$64	\$37	\$55	\$75	258	\$161	\$95	\$135	\$200
\$200,000 & Over	158	\$79	\$45	\$60	\$80	200	\$208	\$123	\$170	\$250
FULL-TIME STAFF										
One	169	\$57	\$35	\$50	\$75	196	\$139	\$85	\$125	\$173
Two	129	\$62	\$30	\$50	\$71	147	\$157	\$80	\$125	\$175
3 or More	192	\$69	\$40	\$57	\$75	229	\$177	\$100	\$150	\$215

Table 6-4: Analysis of Average Fees for Form 1065 Preparation

FEDERAL TAX RETURNS AVERAGE FEE	1065 (PARTNERSHIP)					1120 (CORPORATION)				
	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE
TYPE OF FIRM										
Sole Proprietor	450	\$271	\$150	\$250	\$320	481	\$403	\$250	\$350	\$450
Partnership	86	\$359	\$175	\$263	\$450	87	\$488	\$250	\$400	\$625
Corporation	207	\$307	\$150	\$250	\$375	219	\$441	\$250	\$350	\$500
REGION										
Northeast	183	\$345	\$200	\$300	\$450	196	\$536	\$300	\$413	\$650
South	212	\$251	\$150	\$208	\$300	236	\$357	\$226	\$300	\$400
North Central	164	\$245	\$125	\$200	\$299	168	\$352	\$200	\$300	\$400
West	186	\$324	\$200	\$285	\$400	189	\$450	\$290	\$385	\$500
COMMUNITY										
Large City	209	\$357	\$200	\$300	\$400	221	\$488	\$275	\$400	\$500
Moderate City	256	\$288	\$158	\$250	\$350	286	\$422	\$250	\$350	\$500
Small City	251	\$249	\$150	\$225	\$300	252	\$381	\$250	\$325	\$475
Rural	28	\$204	\$105	\$193	\$250	29	\$285	\$175	\$250	\$360
GROSS INCOME										
Under \$50,000	126	\$208	\$125	\$175	\$250	146	\$324	\$195	\$275	\$375
\$50,000-99,999	189	\$255	\$150	\$225	\$300	202	\$368	\$250	\$300	\$450
\$100,000-199,999	233	\$294	\$175	\$250	\$350	242	\$458	\$275	\$378	\$500
\$200,000 & Over	189	\$375	\$210	\$300	\$450	191	\$514	\$300	\$400	\$600
FULL-TIME STAFF										
One	163	\$275	\$170	\$235	\$325	177	\$413	\$250	\$350	\$450
Two	136	\$288	\$150	\$250	\$350	138	\$422	\$250	\$375	\$450
3 or More	217	\$318	\$175	\$250	\$400	219	\$450	\$275	\$375	\$542

Table 6-5: Analysis of Hourly Fees for Form 1040 Preparation

FEDERAL TAX RETURNS HOURLY FEE	1040 NOT ITEMIZED					1040 ITEMIZED				
	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE
TYPE OF FIRM										
Sole Proprietor	282	\$56.69	\$40.00	\$50.00	\$75.00	350	\$60.52	\$45.00	\$50.00	\$75.00
Partnership	36	\$65.00	\$50.00	\$60.00	\$82.50	53	\$72.26	\$50.00	\$70.00	\$90.00
Corporation	103	\$62.05	\$50.00	\$60.00	\$75.00	148	\$72.87	\$50.00	\$65.00	\$80.00
REGION										
Northeast	113	\$65.26	\$45.00	\$60.00	\$75.00	149	\$74.94	\$50.00	\$75.00	\$90.00
South	134	\$53.14	\$40.00	\$50.00	\$60.00	169	\$55.74	\$42.00	\$50.00	\$75.00
North Central	89	\$54.76	\$35.00	\$50.00	\$65.00	109	\$56.72	\$40.00	\$50.00	\$70.00
West	86	\$62.83	\$45.00	\$60.00	\$75.00	126	\$72.80	\$50.00	\$70.00	\$85.00
COMMUNITY										
Large City	119	\$65.88	\$45.00	\$60.00	\$75.00	161	\$71.21	\$50.00	\$60.00	\$85.00
Moderate City	136	\$56.37	\$40.00	\$50.00	\$75.00	184	\$65.25	\$50.00	\$61.50	\$75.00
Small City	150	\$55.96	\$40.00	\$50.00	\$65.00	186	\$59.42	\$40.00	\$50.00	\$75.00
Rural	17	\$50.41	\$35.00	\$45.00	\$70.00	21	\$63.19	\$35.00	\$50.00	\$75.00
GROSS INCOME										
Under \$50,000	83	\$43.19	\$30.00	\$45.00	\$50.00	105	\$48.88	\$35.00	\$50.00	\$50.00
\$50,000-99,999	101	\$57.07	\$40.00	\$50.00	\$75.00	130	\$58.99	\$45.00	\$50.00	\$75.00
\$100,000-199,999	137	\$61.30	\$50.00	\$60.00	\$75.00	167	\$67.69	\$50.00	\$65.00	\$75.00
\$200,000 & Over	98	\$70.09	\$50.00	\$65.00	\$85.00	146	\$78.97	\$50.00	\$75.00	\$100.00
FULL-TIME STAFF										
One	84	\$59.79	\$45.00	\$60.00	\$75.00	111	\$62.16	\$45.00	\$60.00	\$75.00
Two	78	\$61.46	\$40.00	\$52.00	\$75.00	98	\$70.39	\$50.00	\$60.00	\$90.00
3 or More	116	\$60.59	\$50.00	\$57.50	\$75.00	159	\$68.17	\$50.00	\$65.00	\$80.00

Table 6-6: Analysis of Hourly Fees for Forms 1065 & 1120 Preparation

FEDERAL TAX RETURNS HOURLY FEE	1065 (PARTNERSHIP)					1120 (CORPORATION)				
	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE
TYPE OF FIRM										
Sole Proprietor	310	\$62.32	\$45.00	\$52.50	\$75.00	336	\$64.13	\$45.00	\$60.00	\$75.00
Partnership	51	\$77.06	\$55.00	\$75.00	\$100.00	51	\$76.96	\$60.00	\$75.00	\$100.00
Corporation	141	\$84.87	\$50.00	\$70.00	\$80.00	148	\$79.85	\$50.00	\$70.00	\$80.00
REGION										
Northeast	132	\$82.46	\$50.00	\$75.00	\$100.00	145	\$79.72	\$50.00	\$75.00	\$100.00
South	147	\$56.88	\$45.00	\$50.00	\$75.00	160	\$58.45	\$46.50	\$50.00	\$75.00
North Central	110	\$59.70	\$40.00	\$50.00	\$75.00	116	\$57.43	\$40.00	\$50.00	\$70.00
West	115	\$82.89	\$50.00	\$75.00	\$90.00	116	\$84.91	\$52.00	\$75.00	\$87.50
COMMUNITY										
Large City	144	\$79.78	\$50.00	\$73.50	\$90.00	151	\$80.72	\$50.00	\$75.00	\$90.00
Moderate City	168	\$68.18	\$50.00	\$65.00	\$75.00	184	\$67.66	\$50.00	\$65.00	\$75.00
Small City	167	\$64.98	\$45.00	\$50.00	\$75.00	177	\$62.75	\$45.00	\$50.00	\$75.00
Rural	24	\$60.46	\$32.50	\$47.50	\$75.00	24	\$64.67	\$35.00	\$50.00	\$75.00
GROSS INCOME										
Under \$50,000	73	\$46.84	\$35.00	\$42.00	\$50.00	87	\$51.75	\$35.00	\$50.00	\$55.00
\$50,000-99,999	126	\$62.70	\$45.00	\$55.00	\$75.00	132	\$62.57	\$46.50	\$50.00	\$75.00
\$100,000-199,999	157	\$73.97	\$50.00	\$65.00	\$80.00	169	\$75.14	\$50.00	\$65.00	\$80.00
\$200,000 & Over	142	\$84.68	\$55.00	\$75.00	\$100.00	144	\$80.72	\$60.00	\$75.00	\$100.00
FULL-TIME STAFF										
One	105	\$65.70	\$50.00	\$60.00	\$75.00	109	\$64.94	\$50.00	\$60.00	\$75.00
Two	93	\$80.16	\$50.00	\$60.00	\$90.00	94	\$81.38	\$50.00	\$60.00	\$90.00
3 or More	156	\$73.53	\$50.00	\$65.00	\$80.00	161	\$69.57	\$50.00	\$65.00	\$80.00

Table 6-7: Analysis of Hourly Fees for Representing Client at IRS Audit

IRS AUDIT FEES	HOURLY FEE					FIXED FEE				
	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE
TYPE OF FIRM										
Sole Proprietor	526	\$60.81	\$42.00	\$50.00	\$75.00	215	\$115	\$50	\$75	\$150
Partnership	92	\$71.98	\$42.50	\$70.00	\$100.00	25	\$179	\$60	\$100	\$250
Corporation	230	\$68.03	\$50.00	\$67.50	\$80.00	75	\$148	\$50	\$100	\$225
REGION										
Northeast	222	\$72.47	\$50.00	\$75.00	\$100.00	94	\$156	\$75	\$113	\$250
South	249	\$59.35	\$42.00	\$50.00	\$75.00	89	\$116	\$45	\$85	\$150
North Central	175	\$55.37	\$40.00	\$50.00	\$75.00	57	\$89	\$40	\$65	\$105
West	205	\$67.74	\$50.00	\$70.00	\$80.00	76	\$134	\$50	\$100	\$150
COMMUNITY										
Large City	247	\$73.95	\$50.00	\$75.00	\$100.00	91	\$175	\$50	\$150	\$250
Moderate City	298	\$62.81	\$45.00	\$61.50	\$75.00	113	\$114	\$50	\$75	\$150
Small City	272	\$57.56	\$40.00	\$50.00	\$75.00	102	\$104	\$50	\$75	\$125
Rural	33	\$51.42	\$35.00	\$50.00	\$70.00	9	\$69	\$30	\$75	\$100
GROSS INCOME										
Under \$50,000	169	\$47.95	\$30.00	\$50.00	\$55.00	82	\$84	\$40	\$50	\$100
\$50,000-99,999	211	\$59.52	\$40.00	\$50.00	\$75.00	87	\$124	\$50	\$75	\$200
\$100,000-199,999	255	\$65.99	\$50.00	\$65.00	\$80.00	87	\$133	\$50	\$100	\$200
\$200,000 & Over	205	\$79.12	\$55.00	\$75.00	\$100.00	58	\$188	\$75	\$138	\$250
FULL-TIME STAFF										
One	198	\$61.94	\$40.00	\$60.00	\$75.00	68	\$147	\$50	\$100	\$200
Two	144	\$65.68	\$45.00	\$60.00	\$80.00	48	\$114	\$50	\$75	\$150
3 or More	225	\$70.28	\$50.00	\$75.00	\$85.00	74	\$136	\$50	\$100	\$200

FEES FOR OTHER SERVICES

The most prevalent method of charging for accounting services other than tax return preparation was an hourly rate rather than a fixed, monthly fee. Fixed fees were used for write-up work more often than for any other service. However, even for write-up work, an hourly rate was applied approximately twice as often as a fixed fee.

Sole proprietorships reported median hourly rates of \$50 for tax services, \$40 for write-up work, \$50 for preparing financial statements, \$50 for auditing, and \$60 for management advisory services. Other types of firms tended to follow the same pattern, with somewhat lower hourly rates for write-up and somewhat higher rates for advisory services.

Analyses of hourly rates are shown in Tables 7-1 through 7-3, and analyses of fixed, monthly fees are displayed in Tables 7-4 through 7-6.

Once again, firms located in the Northeast and Western regions tended to have somewhat higher billing rates, both on an hourly or monthly, fixed fee basis. Larger firms also tended to have higher hourly and fixed fees than smaller firms.

Table 7-1: Fees Charged for Tax Services and Write-up Work

SERVICE RATES AVERAGE HOURLY	TAX SERVICES					WRITE-UP WORK				
	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE
TYPE OF FIRM										
Sole Proprietor	504	\$62.94	\$40.00	\$50.00	\$75.00	451	\$43.32	\$30.00	\$40.00	\$50.00
Partnership	78	\$71.54	\$50.00	\$67.50	\$85.00	78	\$44.89	\$30.00	\$40.00	\$55.00
Corporation	198	\$68.53	\$50.00	\$60.00	\$75.00	178	\$44.66	\$30.00	\$40.00	\$50.00
REGION										
Northeast	208	\$73.56	\$50.00	\$75.00	\$89.00	191	\$51.77	\$35.00	\$50.00	\$65.00
South	220	\$59.81	\$41.00	\$50.00	\$75.00	179	\$40.54	\$30.00	\$35.00	\$50.00
North Central	169	\$53.43	\$35.00	\$50.00	\$65.00	168	\$38.48	\$25.00	\$35.00	\$50.00
West	186	\$73.06	\$50.00	\$70.00	\$85.00	170	\$43.59	\$30.00	\$40.00	\$50.00
COMMUNITY										
Large City	223	\$71.64	\$50.00	\$70.00	\$90.00	199	\$47.60	\$35.00	\$40.00	\$55.00
Moderate City	266	\$66.29	\$50.00	\$60.00	\$75.00	243	\$45.20	\$30.00	\$40.00	\$50.00
Small City	261	\$60.31	\$40.00	\$50.00	\$75.00	233	\$40.30	\$25.00	\$35.00	\$50.00
Rural	31	\$50.87	\$30.00	\$50.00	\$75.00	32	\$36.17	\$20.00	\$32.50	\$42.00
GROSS INCOME										
Under \$50,000	165	\$50.18	\$30.00	\$45.00	\$55.00	143	\$37.88	\$25.00	\$30.00	\$45.00
\$50,000-99,999	192	\$61.27	\$40.00	\$50.00	\$75.00	178	\$41.08	\$30.00	\$40.00	\$50.00
\$100,000-199,999	236	\$68.52	\$50.00	\$70.00	\$80.00	216	\$48.05	\$31.00	\$44.50	\$60.00
\$200,000 & Over	184	\$78.41	\$52.50	\$75.00	\$90.00	166	\$46.61	\$35.00	\$40.00	\$50.00
FULL-TIME STAFF										
One	179	\$64.11	\$40.00	\$60.00	\$75.00	166	\$44.45	\$30.00	\$40.00	\$50.00
Two	130	\$68.66	\$47.00	\$60.00	\$85.00	122	\$43.66	\$30.00	\$40.00	\$50.00
3 or More	203	\$69.42	\$50.00	\$65.00	\$80.00	186	\$42.29	\$30.00	\$40.00	\$50.00

Table 7-2: Fees Charged for Financial Statement Preparation and Audit Accounts

SERVICE RATES AVERAGE HOURLY	FINANCIAL STATEMENTS					AUDIT ACCOUNTS				
	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE
TYPE OF FIRM										
Sole Proprietor	359	\$57.37	\$40.00	\$50.00	\$75.00	161	\$61.84	\$40.00	\$50.00	\$75.00
Partnership	76	\$63.29	\$45.00	\$60.00	\$79.00	51	\$74.35	\$50.00	\$75.00	\$85.00
Corporation	162	\$60.80	\$40.00	\$50.00	\$75.00	89	\$62.99	\$45.00	\$60.00	\$75.00
REGION										
Northeast	171	\$74.58	\$50.00	\$70.00	\$85.00	106	\$78.75	\$50.00	\$75.00	\$100.00
South	157	\$51.64	\$40.00	\$50.00	\$60.00	71	\$54.68	\$40.00	\$50.00	\$65.00
North Central	144	\$47.31	\$35.00	\$45.00	\$57.50	73	\$51.64	\$40.00	\$50.00	\$65.00
West	126	\$60.45	\$40.00	\$57.50	\$75.00	50	\$65.78	\$45.00	\$60.00	\$80.00
COMMUNITY										
Large City	168	\$62.36	\$40.00	\$60.00	\$75.00	87	\$72.10	\$50.00	\$65.00	\$90.00
Moderate City	211	\$60.75	\$45.00	\$50.00	\$75.00	103	\$65.90	\$50.00	\$60.00	\$75.00
Small City	198	\$55.44	\$40.00	\$50.00	\$65.00	102	\$56.56	\$40.00	\$50.00	\$75.00
Rural	21	\$47.29	\$30.00	\$40.00	\$50.00	8	\$53.00	\$42.00	\$50.00	\$62.50
GROSS INCOME										
Under \$50,000	94	\$46.31	\$30.00	\$40.00	\$50.00	37	\$54.51	\$35.00	\$50.00	\$75.00
\$50,000-99,999	142	\$53.25	\$35.00	\$50.00	\$65.00	64	\$56.97	\$40.00	\$50.00	\$70.00
\$100,000-199,999	197	\$62.05	\$45.00	\$60.00	\$75.00	97	\$64.65	\$45.00	\$60.00	\$80.00
\$200,000 & Over	160	\$66.67	\$48.50	\$60.00	\$75.00	100	\$71.75	\$50.00	\$65.00	\$80.00
FULL-TIME STAFF										
One	133	\$57.83	\$40.00	\$50.00	\$75.00	61	\$61.20	\$40.00	\$50.00	\$75.00
Two	111	\$65.39	\$40.00	\$54.00	\$75.00	57	\$70.95	\$45.00	\$60.00	\$85.00
3 or More	179	\$57.36	\$45.00	\$50.00	\$75.00	108	\$63.36	\$50.00	\$60.00	\$75.00

Table 7-3: Fees Charged for Management Advisory Services

SERVICE RATES AVERAGE HOURLY	MANAGEMENT ADVISORY				
	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE
TYPE OF FIRM					
Sole Proprietor	275	\$63.62	\$45.00	\$60.00	\$75.00
Partnership	58	\$71.03	\$50.00	\$70.00	\$90.00
Corporation	142	\$68.38	\$50.00	\$65.00	\$75.00
REGION					
Northeast	124	\$75.05	\$50.00	\$75.00	\$100.00
South	132	\$60.03	\$50.00	\$55.00	\$75.00
North Central	109	\$58.37	\$40.00	\$50.00	\$75.00
West	110	\$70.76	\$50.00	\$72.50	\$85.00
COMMUNITY					
Large City	141	\$73.22	\$50.00	\$75.00	\$100.00
Moderate City	174	\$67.70	\$50.00	\$65.00	\$75.00
Small City	143	\$57.86	\$40.00	\$50.00	\$75.00
Rural	16	\$53.00	\$30.00	\$50.00	\$75.00
GROSS INCOME					
Under \$50,000	74	\$53.42	\$30.00	\$5	\$65.00
\$50,000-99,999	107	\$58.05	\$40.00	\$50.00	\$75.00
\$100,000-199,999	160	\$67.22	\$50.00	\$70.00	\$80.00
\$200,000 & Over	130	\$77.65	\$55.00	\$75.00	\$90.00
FULL-TIME STAFF					
One	107	\$60.83	\$40.00	\$60.00	\$75.00
Two	90	\$68.18	\$50.00	\$60.00	\$80.00
3 or More	140	\$71.25	\$50.00	\$75.00	\$85.00

Table 7-4: Average Fixed Fees Charged for Tax Services and Write-up Work

SERVICE RATES AVERAGE FIXED	TAX SERVICES					WRITE-UP WORK				
	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE
TYPE OF FIRM										
Sole Proprietor	192	\$105	\$50	\$75	\$110	236	\$123	\$50	\$100	\$150
Partnership	30	\$111	\$60	\$94	\$125	40	\$126	\$50	\$93	\$160
Corporation	74	\$127	\$63	\$90	\$130	101	\$257	\$100	\$125	\$175
REGION										
Northeast	78	\$131	\$60	\$83	\$130	87	\$140	\$50	\$100	\$150
South	92	\$95	\$48	\$65	\$113	137	\$126	\$75	\$100	\$150
North Central	62	\$85	\$45	\$69	\$100	82	\$109	\$50	\$85	\$150
West	67	\$133	\$70	\$100	\$150	73	\$301	\$60	\$130	\$177
COMMUNITY										
Large City	77	\$128	\$60	\$90	\$140	98	\$155	\$75	\$125	\$200
Moderate City	102	\$114	\$60	\$78	\$150	139	\$212	\$75	\$120	\$175
Small City	104	\$93	\$45	\$75	\$100	125	\$103	\$50	\$85	\$150
Rural	15	\$130	\$25	\$50	\$125	17	\$167	\$40	\$65	\$100
GROSS INCOME										
Under \$50,000	83	\$94	\$40	\$65	\$100	74	\$96	\$50	\$83	\$125
\$50,000-99,999	83	\$91	\$50	\$75	\$100	102	\$113	\$50	\$100	\$150
\$100,000-199,999	73	\$118	\$65	\$95	\$135	118	\$140	\$65	\$100	\$175
\$200,000 & Over	56	\$152	\$75	\$118	\$200	82	\$300	\$100	\$150	\$200
FULL-TIME STAFF										
One	66	\$112	\$60	\$90	\$126	84	\$135	\$75	\$125	\$175
Two	40	\$88	\$48	\$75	\$100	66	\$125	\$65	\$100	\$150
3 or More	74	\$128	\$60	\$78	\$179	101	\$245	\$60	\$105	\$175

Table 7-5: Average Fixed Fees Charged for Financial Statement Preparation and Audit Accounts

SERVICE RATES AVERAGE FIXED	FINANCIAL STATEMENTS					AUDIT ACCOUNTS				
	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE
TYPE OF FIRM										
Sole Proprietor	116	\$152	\$50	\$100	\$166	41	\$287	\$40	\$65	\$150
Partnership	19	\$147	\$55	\$75	\$150	8	\$426	\$78	\$150	\$475
Corporation	38	\$139	\$60	\$100	\$225	15	\$287	\$45	\$63	\$200
REGION										
Northeast	55	\$188	\$65	\$100	\$250	25	\$507	\$50	\$100	\$200
South	50	\$162	\$50	\$100	\$180	16	\$306	\$55	\$118	\$400
North Central	39	\$93	\$40	\$75	\$125	13	\$108	\$10	\$35	\$100
West	31	\$140	\$60	\$100	\$150	10	\$53	\$35	\$53	\$65
COMMUNITY										
Large City	50	\$204	\$60	\$100	\$250	19	\$424	\$40	\$100	\$400
Moderate City	59	\$155	\$60	\$135	\$200	26	\$255	\$40	\$60	\$200
Small City	59	\$107	\$50	\$75	\$150	18	\$246	\$45	\$88	\$150
Rural	7	\$107	\$50	\$100	\$150	1	\$400	\$400	\$400	\$400
GROSS INCOME										
Under \$50,000	33	\$117	\$50	\$100	\$150	12	\$283	\$33	\$108	\$400
\$50,000-99,999	55	\$153	\$50	\$75	\$150	20	\$129	\$43	\$60	\$125
\$100,000-199,999	49	\$155	\$65	\$100	\$150	16	\$258	\$40	\$72	\$100
\$200,000 & Over	37	\$171	\$60	\$100	\$250	16	\$587	\$50	\$150	\$725
FULL-TIME STAFF										
One	46	\$196	\$65	\$143	\$250	13	\$339	\$45	\$63	\$150
Two	30	\$139	\$50	\$98	\$150	12	\$243	\$48	\$60	\$175
3 or More	46	\$127	\$50	\$90	\$156	18	\$372	\$35	\$85	\$300

Table 7-6: Average Fixed Fees Charged for Management Advisory Services

SERVICE RATES AVERAGE FIXED	MANAGEMENT ADVISORY				
	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE
TYPE OF FIRM					
Sole Proprietor	64	\$158	\$50	\$75	\$200
Partnership	11	\$124	\$75	\$80	\$100
Corporation	22	\$195	\$50	\$75	\$200
REGION					
Northeast	26	\$148	\$65	\$100	\$200
South	30	\$175	\$40	\$75	\$100
North Central	17	\$220	\$35	\$100	\$240
West	24	\$121	\$50	\$73	\$150
COMMUNITY					
Large City	28	\$212	\$55	\$99	\$225
Moderate City	40	\$161	\$55	\$75	\$138
Small City	27	\$121	\$50	\$75	\$200
Rural	2	\$38	\$25	\$38	\$50
GROSS INCOME					
Under \$50,000	18	\$112	\$25	\$50	\$200
\$50,000-99,999	29	\$136	\$60	\$75	\$125
\$100,000-199,999	27	\$160	\$65	\$85	\$200
\$200,000 & Over	23	\$238	\$50	\$75	\$200
FULL-TIME STAFF					
One	22	\$226	\$63	\$100	\$250
Two	15	\$98	\$60	\$75	\$100
3 or More	28	\$176	\$50	\$75	\$163

BILLING RATES

Hourly billing rates by class of employee are discussed in this chapter. These are not, however, the same as the rates shown in the previous chapter. There, the focus was on the firm, and, in this chapter, it is on the individual. In the case of a sole proprietor without other employees, the rates would be the same. The latter, however, is a relatively rare situation.

A similar pattern to that of the billing rates for the firm can be seen in the generally higher individual billing rates of firms in the Northeast and West and of firms with greater gross incomes. This pattern is seen for each of the five positions analyzed in Tables 8-1 through 8-3.

The small table below compares only the median hourly billing rate for each job for each of the four regions, and the trend is clearly illustrated.

	Northeast	West	South	North Central
Principal or partner	\$ 75	\$ 65	\$ 55	\$ 50
Senior accountant	55	50	50	50
Semi-senior accountant	35	35	30	25
Junior accountant	35	30	30	25
Secretarial, clerical, etc.	25	21	20	20

Senior accountants are those having five or more years of experience. Semi-senior accountants have 3-4 years experience, and junior accountants are those with less than three years of experience.

As was seen in earlier chapters, billing rates tended to be lower by firms located in small cities and rural areas. This was true for all job descriptions.

Table 8-1: Billing Rates for Partners or Principals

EMPLOYEE BILLING RATES	PARTNERS / HR				
	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE
TYPE OF FIRM					
Sole Proprietor	532	\$61.85	\$43.75	\$55.00	\$75.00
Partnership	89	\$75.57	\$50.00	\$75.00	\$100.00
Corporation	240	\$69.88	\$50.00	\$65.00	\$80.00
REGION					
Northeast	223	\$74.59	\$50.00	\$75.00	\$100.00
South	239	\$62.52	\$45.00	\$55.00	\$75.00
North Central	191	\$54.63	\$40.00	\$50.00	\$70.00
West	210	\$69.13	\$50.00	\$65.00	\$80.00
COMMUNITY					
Large City	239	\$76.91	\$50.00	\$75.00	\$95.00
Moderate City	295	\$65.53	\$50.00	\$65.00	\$75.00
Small City	289	\$57.96	\$40.00	\$50.00	\$75.00
Rural	38	\$49.82	\$30.00	\$40.00	\$75.00
GROSS INCOME					
Under \$50,000	176	\$47.36	\$30.00	\$40.50	\$52.50
\$50,000-99,999	203	\$56.92	\$40.00	\$50.00	\$75.00
\$100,000-199,999	262	\$70.51	\$50.00	\$70.00	\$80.00
\$200,000 & Over	214	\$81.99	\$60.00	\$75.00	\$100.00
FULL-TIME STAFF					
One	189	\$61.72	\$45.00	\$60.00	\$75.00
Two	151	\$72.14	\$50.00	\$62.50	\$90.00
3 or More	240	\$74.12	\$50.00	\$75.00	\$88.75

Table 8-2: Billing Rates for Semi-Senior and Senior Accountants

EMPLOYEE BILLING RATES	SEMI SR ACCT / HR					SR ACCT / HR				
	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE
TYPE OF FIRM										
Sole Proprietor	161	\$40.60	\$30.00	\$40.00	\$50.00	191	\$49.26	\$35.00	\$50.00	\$60.00
Partnership	54	\$42.86	\$35.00	\$42.00	\$50.00	53	\$57.30	\$45.00	\$60.00	\$70.00
Corporation	121	\$42.57	\$30.00	\$40.00	\$50.00	125	\$55.59	\$40.00	\$50.00	\$65.00
REGION										
Northeast	89	\$48.05	\$35.00	\$45.00	\$50.00	99	\$59.96	\$50.00	\$55.00	\$75.00
South	88	\$38.15	\$30.00	\$35.00	\$47.50	103	\$49.90	\$38.00	\$50.00	\$60.00
North Central	82	\$35.99	\$25.00	\$35.00	\$45.00	90	\$46.89	\$35.00	\$50.00	\$60.00
West	77	\$44.50	\$35.00	\$40.00	\$50.00	77	\$53.21	\$40.00	\$50.00	\$65.00
COMMUNITY										
Large City	105	\$46.09	\$35.00	\$45.00	\$50.00	104	\$58.57	\$47.50	\$56.25	\$65.00
Moderate City	117	\$41.53	\$30.00	\$40.00	\$50.00	137	\$53.65	\$40.00	\$50.00	\$65.00
Small City	107	\$37.48	\$28.00	\$35.00	\$45.00	114	\$46.08	\$35.00	\$45.50	\$55.00
Rural	7	\$43.14	\$32.00	\$40.00	\$50.00	14	\$49.50	\$35.00	\$45.00	\$75.00
GROSS INCOME										
Under \$50,000	11	\$46.18	\$23.00	\$40.00	\$75.00	21	\$42.39	\$25.00	\$30.00	\$50.00
\$50,000-99,999	52	\$37.64	\$27.50	\$35.00	\$45.00	65	\$44.97	\$35.00	\$40.00	\$50.00
\$100,000-199,999	113	\$40.78	\$30.00	\$35.00	\$50.00	118	\$50.42	\$40.00	\$50.00	\$60.00
\$200,000 & Over	156	\$43.22	\$35.00	\$40.00	\$50.00	162	\$58.12	\$48.00	\$57.50	\$70.00
FULL-TIME STAFF										
One	43	\$35.97	\$28.00	\$35.00	\$45.00	66	\$47.43	\$35.00	\$45.00	\$60.00
Two	82	\$42.69	\$30.00	\$42.25	\$50.00	69	\$53.20	\$40.00	\$50.00	\$65.00
3 or More	172	\$41.91	\$32.00	\$40.00	\$50.00	181	\$55.15	\$40.00	\$50.00	\$65.00

Table 8-3: Billing Rates for Secretarial Employees and Junior Accountants

EMPLOYEE BILLING RATES	SECRETARIAL / HR					JR ACCT / HR				
	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE	COUNT	AVERAGE	FIRST QUARTILE	MEDIAN	THIRD QUARTILE
TYPE OF FIRM										
Sole Proprietor	363	\$21.22	\$15.00	\$20.00	\$25.00	204	\$29.59	\$23.50	\$30.00	\$35.00
Partnership	77	\$21.49	\$15.00	\$20.00	\$27.00	59	\$33.58	\$25.00	\$35.00	\$40.00
Corporation	205	\$22.43	\$15.00	\$22.00	\$25.00	143	\$36.20	\$25.00	\$30.00	\$40.00
REGION										
Northeast	147	\$24.33	\$15.00	\$25.00	\$30.00	102	\$39.40	\$25.00	\$35.00	\$40.00
South	187	\$20.52	\$15.00	\$20.00	\$25.00	109	\$30.17	\$25.00	\$30.00	\$35.00
North Central	164	\$19.58	\$12.00	\$20.00	\$25.00	101	\$27.84	\$20.00	\$25.00	\$35.00
West	148	\$22.64	\$15.00	\$21.00	\$30.00	94	\$32.71	\$25.00	\$30.00	\$40.00
COMMUNITY										
Large City	177	\$22.35	\$15.00	\$22.00	\$26.00	117	\$33.23	\$25.00	\$30.00	\$40.00
Moderate City	217	\$22.92	\$15.00	\$21.00	\$30.00	150	\$35.42	\$25.00	\$30.00	\$35.00
Small City	226	\$19.69	\$15.00	\$20.00	\$25.00	126	\$28.50	\$20.00	\$26.50	\$35.00
Rural	25	\$23.12	\$15.00	\$20.00	\$25.00	12	\$31.62	\$25.00	\$31.00	\$35.00
GROSS INCOME										
Under \$50,000	77	\$15.41	\$10.00	\$15.00	\$20.00	25	\$25.26	\$15.00	\$22.00	\$32.00
\$50,000-99,999	148	\$19.43	\$12.25	\$18.50	\$25.00	77	\$28.84	\$20.00	\$25.00	\$35.00
\$100,000-199,999	219	\$23.02	\$15.00	\$20.00	\$25.00	143	\$30.66	\$25.00	\$30.00	\$35.00
\$200,000 & Over	195	\$24.27	\$20.00	\$25.00	\$30.00	157	\$37.21	\$25.00	\$35.00	\$40.00
FULL-TIME STAFF										
One	153	\$21.16	\$15.00	\$20.00	\$25.00	72	\$29.78	\$20.00	\$30.00	\$35.00
Two	135	\$21.79	\$15.00	\$20.00	\$25.00	89	\$29.49	\$24.00	\$28.00	\$35.00
3 or More	224	\$24.02	\$18.00	\$25.00	\$29.00	179	\$35.86	\$25.00	\$32.00	\$40.00

COMPUTER USAGE AND OWNERSHIP

Over three-quarters of the surveyed firms use computers to prepare tax returns for clients. About 62% of the firms with 1988 gross income under \$50,000 utilize computers for tax returns, as did 94% of those with gross income exceeding \$200,000.

Firms in the West reported an 87% computer utilization for tax returns and were lagged by those in the North Central region at 80%, the Northeast at 76%, and the South at 74%.

Among firms that used computers in tax return preparation, about two in three owned their computer, 26% use a service bureau, and other users lease the equipment or input directly into a service bureau from their own terminal. Firms in larger cities were more likely to use a service bureau, while those in rural areas and small cities tended to own the computer. The latter probably occurs because of the concentration of service bureaus in population centers.

Approximately 83% of the firms in the survey used computers for applications other than tax return preparation. Again, larger firms tended toward greater computer usage than smaller ones. More than ninety percent of the firms employing computers for work other than tax return preparation owned the equipment.

The most common computer applications were, in order of relative importance: write-up, general ledger, payroll preparation, word processing, and depreciation schedules. Computer usage was also reported for processing receivables, payables and client billing, but to a much lesser extent than the first five applications.

Approximately one firm in six reported specific charging of clients for computer time. One-half of all firms included the computer time in their fee, and the other one-third of the responding firms did not make a specific charge for computer time. These firms considered the computer costs as overhead.

Table 9-1: Proportion of Firms Preparing Tax Returns Using Computers

COMPUTER USAGE	TAXES BY COMPUTER		TOTAL	TAX COMPUTER				TOTAL
	Yes	No		Lease Computer	Own Computer	Input to Bureau	Service Bureau	
TYPE OF FIRM								
Sole Proprietor	74.8%	25.2%	100.0%	1.5%	66.2%	2.8%	29.5%	100.0%
Partnership	90.2%	9.8%	100.0%	.0%	66.3%	7.6%	26.1%	100.0%
Corporation	83.6%	16.4%	100.0%	3.2%	70.2%	6.9%	19.7%	100.0%
REGION								
Northeast	75.6%	24.4%	100.0%	1.0%	73.8%	6.7%	18.5%	100.0%
South	73.8%	26.2%	100.0%	2.4%	80.1%	2.8%	14.7%	100.0%
North Central	79.7%	20.3%	100.0%	3.0%	72.1%	3.6%	21.2%	100.0%
West	87.3%	12.7%	100.0%	1.0%	44.4%	4.9%	49.8%	100.0%
COMMUNITY								
Large City	81.2%	18.8%	100.0%	1.8%	54.7%	6.7%	36.8%	100.0%
Moderate City	80.5%	19.5%	100.0%	1.8%	68.9%	4.0%	25.3%	100.0%
Small City	76.1%	23.9%	100.0%	2.0%	74.2%	3.6%	20.2%	100.0%
Rural	70.5%	29.5%	100.0%	.0%	90.3%	.0%	9.7%	100.0%
GROSS INCOME								
Under \$50,000	62.2%	37.8%	100.0%	.7%	64.4%	3.7%	31.1%	100.0%
\$50,000-99,999	72.7%	27.3%	100.0%	2.2%	65.2%	3.9%	28.7%	100.0%
\$100,000-199,999	84.6%	15.4%	100.0%	2.6%	71.5%	2.6%	23.4%	100.0%
\$200,000 & Over	93.8%	6.3%	100.0%	1.4%	67.6%	7.6%	23.3%	100.0%
FULL-TIME STAFF								
One	75.3%	24.7%	100.0%	2.4%	65.2%	4.9%	27.4%	100.0%
Two	83.2%	16.8%	100.0%	2.2%	71.6%	3.0%	23.1%	100.0%
3 or More	90.5%	9.5%	100.0%	2.2%	73.8%	6.6%	17.5%	100.0%

Table 9-2: Use of Computers for Services other than Tax Return Preparation

COMPUTER USAGE	NON TAX COMPUTER		TOTAL	NON TAX COMPUTER				TOTAL
	Yes	No		Lease Computer	Own Computer	Input to Bureau	Service Bureau	
TYPE OF FIRM								
Sole Proprietor	78.9%	21.1%	100.0%	2.1%	92.2%	1.0%	4.7%	100.0%
Partnership	88.1%	11.9%	100.0%	2.3%	96.6%	.0%	1.1%	100.0%
Corporation	92.3%	7.7%	100.0%	3.3%	93.8%	1.2%	1.7%	100.0%
REGION								
Northeast	74.2%	25.8%	100.0%	.5%	95.2%	2.1%	2.1%	100.0%
South	83.9%	16.1%	100.0%	1.7%	96.3%	.4%	1.7%	100.0%
North Central	90.8%	9.2%	100.0%	4.8%	87.6%	1.1%	6.5%	100.0%
West	86.3%	13.7%	100.0%	3.0%	92.5%	.5%	4.0%	100.0%
COMMUNITY								
Large City	81.3%	18.7%	100.0%	2.7%	91.0%	.9%	5.4%	100.0%
Moderate City	86.4%	13.6%	100.0%	2.4%	93.8%	1.0%	2.7%	100.0%
Small City	82.5%	17.5%	100.0%	2.6%	93.3%	1.1%	3.0%	100.0%
Rural	81.4%	18.6%	100.0%	.0%	100.0%	.0%	.0%	100.0%
GROSS INCOME								
Under \$50,000	67.9%	32.1%	100.0%	.0%	95.2%	.7%	4.1%	100.0%
\$50,000-99,999	81.4%	18.6%	100.0%	2.5%	89.1%	1.0%	7.5%	100.0%
\$100,000-199,999	87.4%	12.6%	100.0%	4.5%	91.8%	1.6%	2.1%	100.0%
\$200,000 & Over	95.1%	4.9%	100.0%	1.9%	97.2%	.5%	.5%	100.0%
FULL-TIME STAFF								
One	82.1%	17.9%	100.0%	1.7%	90.5%	2.2%	5.6%	100.0%
Two	88.8%	11.2%	100.0%	3.5%	94.4%	.7%	1.4%	100.0%
3 or More	96.8%	3.2%	100.0%	4.1%	95.5%	.0%	.4%	100.0%

Table 9-3: Use of Computers for Services other than Tax Return Preparation

COMPUTER USAGE	COMPUTER USES							COMPUTER USES
	PAYROLL	PAYABLES	WRITE UP	WORD PROCESSING	GEN LEDGER	DEPREC	RECEIVABLES	CLIENT BILLING
TYPE OF FIRM								
Sole Proprietor	44.5%	11.1%	65.4%	43.3%	63.5%	31.7%	18.7%	16.8%
Partnership	55.8%	15.4%	81.7%	58.7%	77.9%	45.2%	23.1%	31.7%
Corporation	64.0%	16.7%	82.6%	53.4%	79.5%	48.5%	33.7%	34.8%
REGION								
Northeast	34.1%	7.2%	59.8%	43.2%	57.6%	29.5%	10.6%	18.2%
South	52.4%	16.4%	74.3%	47.6%	69.5%	43.2%	32.9%	23.6%
North Central	62.7%	12.7%	83.5%	48.1%	84.0%	41.5%	24.1%	23.1%
West	56.8%	15.8%	70.5%	51.5%	68.5%	35.7%	24.1%	27.4%
COMMUNITY								
Large City	42.2%	14.9%	66.7%	49.6%	68.1%	34.8%	23.0%	27.0%
Moderate City	54.8%	14.5%	75.1%	49.3%	68.7%	35.9%	24.1%	23.5%
Small City	53.7%	10.4%	72.2%	44.5%	71.0%	39.7%	22.7%	19.1%
Rural	53.3%	8.9%	71.1%	42.2%	66.7%	48.9%	17.8%	22.2%
GROSS INCOME								
Under \$50,000	32.5%	7.0%	48.7%	38.6%	47.4%	27.2%	10.5%	8.3%
\$50,000-99,999	48.2%	18.2%	70.4%	40.3%	67.6%	33.6%	25.3%	13.4%
\$100,000-199,999	59.2%	11.6%	77.8%	50.7%	74.6%	39.4%	24.6%	25.4%
\$200,000 & Over	61.9%	15.5%	87.6%	61.5%	85.4%	50.0%	32.3%	46.9%
FULL-TIME STAFF								
One	50.9%	12.9%	69.6%	44.2%	69.2%	35.3%	20.1%	18.8%
Two	59.1%	13.4%	80.5%	42.7%	75.0%	34.1%	29.3%	24.4%
3 or More	67.6%	17.6%	90.6%	62.1%	86.7%	53.9%	35.5%	43.0%

Table 9-4: Method of Charging Clients for Computer Time

COMPUTER USAGE	COMPUTER CHARGES			TOTAL
	Not Charged	Included in Fee	Usage Basis	
TYPE OF FIRM				
Sole Proprietor	32.8%	50.9%	16.2%	100.0%
Partnership	33.3%	49.0%	17.7%	100.0%
Corporation	28.9%	56.5%	14.6%	100.0%
REGION				
Northeast	36.7%	49.1%	14.2%	100.0%
South	30.8%	54.2%	15.0%	100.0%
North Central	27.0%	57.7%	15.3%	100.0%
West	31.7%	49.1%	19.2%	100.0%
COMMUNITY				
Large City	36.6%	50.4%	13.0%	100.0%
Moderate City	31.5%	51.4%	17.0%	100.0%
Small City	28.5%	54.2%	17.3%	100.0%
Rural	26.3%	60.5%	13.2%	100.0%
GROSS INCOME				
Under \$50,000	42.0%	44.8%	13.2%	100.0%
\$50,000-99,999	25.0%	58.5%	16.5%	100.0%
\$100,000-199,999	31.8%	54.9%	13.3%	100.0%
\$200,000 & Over	29.4%	50.2%	20.4%	100.0%
FULL-TIME STAFF				
One	33.0%	56.0%	11.0%	100.0%
Two	33.6%	49.3%	17.1%	100.0%
3 or More	25.6%	55.7%	18.7%	100.0%

CHARACTERISTICS OF SURVEY PARTICIPANTS

More than 63% of the accounting firms included in the 1988 survey were sole proprietorships. Ten percent were partnerships, and approximately 26% were corporations.

The most prevalent group among all respondents was that of sole proprietors with one full-time staff person besides themselves. This group constituted 24.6% of the entire sample. Although a substantial number of sole proprietorship firms had only one full-time employee, the mean and median full-time staff in these firms was two persons, excluding the principal.

Approximately 33% of all surveyed firms were located in small cities (less than 50,000 population), 34% in moderate-sized cities, 28% in large cities (500,000 or more), and 4-5% in rural areas. Regional breakdowns placed somewhat more firms in the Southern region, 28.9%; followed by Northeast, 26.2%; West, 23.9%; and North Central, at 21.0%.

The location of the larger firms, those having gross incomes over \$200,000, tended to be somewhat different, with the greatest concentration in the Northeast and North Central regions, followed by the South and West, in approximately equal proportions.

The mean and median number of full- and part-time staff members are shown in Table 10-5. Staff size (excluding principals) was correlated with the estimated amount of gross income and the number of tax returns prepared by firms in 1988. As the income and number of returns grew larger, so, too, did the size of staff.

Just over ten percent of all firms in the survey were partnerships. Two partners were clearly the most popular number, for this is the median number in every demographic breakdown shown in Table 10-5. Reviewing the mean number of partners, however, revealed one surprising statistic. The firms with the smallest estimated 1988 gross income, under \$50,000, were those with the largest average number of partners, 2.7. There were, however, only 33 firms in this category, so that some anomalies may have been reported and caused an atypical effect on the average.

Characteristics of the individual completing the questionnaire used in the 1988 study are shown in Tables 10-7 and 10-8. These data refer to the proprietor, senior partner or major stockholder of each participating firm. Generally, respondents tended to be heavily experienced, with over half the respondents having 15 or more years of experience in public practice as a principal.

Those that headed firms with larger staffs and greater incomes tended to have more years of experience than principals of smaller firms. Principals of firms in the Northeast and North Central regions also tended to have more years of experience.

Over one-half of all the proprietors, senior partners or major stockholders responding to the survey were certified, licensed or registered accountants. In larger firms, nearly two-thirds of the principals were certified, licensed or registered.

Fifty-eight percent of all principal accountants were enrolled to practice before the Internal Revenue Service, virtually the identical proportion to that reported in the 1985 NSPA survey. Approximately 31% had been accredited by the Accreditation Council for Accountancy in either accountancy, taxation, or both.

1988 survey respondents were better educated than in previous surveys. Fifty-one percent of the principals responding had completed a four-year college program, compared to 47% in the 1985 survey. Further, almost 25% had completed a post graduate program, in contrast to the 20% that had done so in 1985.

Table 10-6 displays the age of responding principals by the demographic characteristics of their firms. The mean age of respondents was 51.7 years, and the median age was 52 years. The distribution by gross income of the firm indicates that principals of firms with gross incomes over \$100,000 tended to be somewhat younger than those in firms with income below \$100,000.

A gender breakdown of respondents is shown in Table 10-7. Approximately one in every six, 16.6%, of the principals in the survey were female. In the 1985 survey, about 12% of the reporting firms had a female proprietor, senior partner, or major stockholder.

Table 10-1: Sample Demographics, by Region

DEMOGRAPHICS	REGION				TOTAL
	Northeast	South	North Central	West	
Type of Firm					
Sole Proprietor	17.0%	18.6%	12.1%	15.6%	63.4%
Partnership	4.1%	2.2%	1.8%	2.3%	10.3%
Corporation	5.1%	8.2%	7.1%	6.0%	26.3%
FULL-TIME STAFF					
One	9.5%	10.3%	6.4%	8.7%	34.8%
Two	7.0%	8.7%	4.4%	5.3%	25.3%
3 or More	9.2%	10.1%	12.6%	7.9%	39.8%
Community					
Large City	6.7%	7.3%	5.1%	8.9%	27.9%
Moderate City	8.7%	10.5%	7.2%	7.9%	34.3%
Small City	9.4%	9.2%	8.4%	6.2%	33.3%
Rural	1.3%	2.0%	.4%	.8%	4.5%
GROSS INCOME					
Under \$50,000	4.9%	7.8%	4.0%	6.3%	23.0%
\$50,000-99,999	5.6%	8.3%	5.3%	6.5%	25.6%
\$100,000-199,999	9.0%	7.8%	5.8%	6.1%	28.6%
\$200,000 & Over	6.6%	5.1%	6.1%	5.2%	22.8%
REGION					
Northeast	26.2%	.0%	.0%	.0%	26.2%
South	.0%	28.9%	.0%	.0%	28.9%
North Central	.0%	.0%	21.0%	.0%	21.0%
West	.0%	.0%	.0%	23.9%	23.9%
TOTAL	26.2%	28.9%	21.0%	23.9%	100.0%

Table 10-2: Sample Demographics, by State

DEMOGRAPHICS	Type of Firm			TOTAL
	Sole Proprietor	Partnership	Corporation	
STATE				
Alabama	.7%	.0%	.4%	1.1%
Alaska	.0%	.0%	.2%	.2%
Arizona	1.3%	.4%	.6%	2.3%
Arkansas	.7%	.1%	.1%	.9%
California	9.3%	1.2%	2.4%	12.9%
Colorado	1.1%	.2%	.9%	2.2%
Connecticut	.9%	.1%	.0%	1.0%
Delaware	.3%	.0%	.0%	.3%
Dist of Columbia	.1%	.0%	.2%	.3%
Florida	3.0%	.1%	2.1%	5.2%
Georgia	1.3%	.0%	.3%	1.6%
Hawaii	.7%	.1%	.6%	1.4%
Idaho	.4%	.1%	.1%	.6%
Illinois	2.6%	.4%	1.4%	4.4%
Indiana	1.2%	.1%	.3%	1.6%
Iowa	.7%	.1%	.5%	1.3%
Kansas	.4%	.0%	.3%	.7%
Kentucky	.1%	.0%	.1%	.2%
Louisiana	1.8%	.2%	.1%	2.1%
Maine	.2%	.2%	.2%	.6%
Maryland	1.7%	.1%	.3%	2.1%
Massachusetts	2.8%	.3%	.4%	3.5%
Michigan	1.1%	.0%	1.6%	2.7%
Minnesota	.8%	.2%	.8%	1.8%
Mississippi	.8%	.3%	.1%	1.2%
Missouri	.9%	.4%	1.1%	2.4%
Montana	.1%	.0%	.0%	.1%
Nebraska	.4%	.0%	.0%	.4%
Nevada	.2%	.0%	.1%	.3%
New Hampshire	.1%	.0%	.1%	.2%
New Jersey	3.9%	.4%	1.6%	5.9%
New Mexico	.0%	.0%	.1%	.1%
New York	6.1%	1.9%	1.9%	9.8%
North Carolina	1.2%	.2%	.9%	2.3%
North Dakota	.5%	.0%	.0%	.5%
Ohio	2.2%	.4%	.5%	3.1%
Oklahoma	.6%	.1%	.4%	1.1%
Oregon	.4%	.1%	.2%	.7%
Pennsylvania	2.6%	1.0%	.6%	4.2%
Rhode Island	.4%	.2%	.3%	.9%
South Carolina	.5%	.0%	.2%	.7%
South Dakota	.3%	.2%	.1%	.6%
Tennessee	1.0%	.0%	.1%	1.1%
Texas	3.7%	.9%	1.8%	6.4%
Utah	.2%	.1%	.1%	.4%
Vermont	.1%	.0%	.0%	.1%
Virginia	.9%	.1%	.9%	1.9%
Washington	1.8%	.1%	.5%	2.4%
West Virginia	.3%	.1%	.2%	.6%
Wisconsin	1.1%	.0%	.5%	1.6%
Wyoming	.1%	.0%	.2%	.3%
Puerto Rico	.1%	.0%	.0%	.1%
TOTAL	63.4%	10.3%	26.2%	100.0%

Table 10-3: Sample Demographics, by Type of Firm & Full-Time Staff

DEMOGRAPHICS	Type of Firm			TOTAL	FULL-TIME STAFF			TOTAL
	Sole Proprietor	Partnership	Corporation		One	Two	3 or More	
Type of Firm								
Sole Proprietor	63.4%	.0%	.0%	63.4%	24.6%	15.3%	14.2%	54.0%
Partnership	.0%	10.3%	.0%	10.3%	2.3%	2.3%	7.9%	12.6%
Corporation	.0%	.0%	26.2%	26.2%	7.9%	7.8%	17.6%	33.3%
FULL-TIME STAFF								
One	24.6%	2.3%	7.9%	34.9%	34.8%	.0%	.0%	34.8%
Two	15.3%	2.3%	7.8%	25.4%	.0%	25.5%	.0%	25.5%
3 or More	14.2%	7.9%	17.6%	39.7%	.0%	.0%	39.8%	39.8%
Community								
Large City	17.2%	3.2%	7.7%	28.1%	9.3%	6.8%	10.1%	26.3%
Moderate City	21.2%	3.3%	9.7%	34.2%	12.0%	8.1%	15.7%	35.8%
Small City	21.9%	3.8%	7.6%	33.3%	11.4%	10.0%	13.1%	34.4%
Rural	3.1%	.1%	1.3%	4.5%	2.2%	.6%	.8%	3.6%
GROSS INCOME								
Under \$50,000	20.4%	.7%	1.9%	23.1%	5.8%	.8%	.3%	6.9%
\$50,000- 99,999	18.3%	1.5%	5.6%	25.4%	15.4%	5.2%	2.0%	22.6%
\$100,000- 199,999	17.5%	2.3%	8.9%	28.7%	11.6%	14.3%	10.1%	36.0%
\$200,000 & Over	7.2%	5.7%	9.9%	22.8%	2.4%	4.9%	27.2%	34.4%
REGION								
Northeast	17.0%	4.1%	5.1%	26.2%	9.5%	7.0%	9.2%	25.7%
South	18.6%	2.2%	8.2%	29.0%	10.3%	8.7%	10.1%	29.1%
North Central	12.1%	1.8%	7.1%	21.0%	6.4%	4.4%	12.6%	23.3%
West	15.6%	2.3%	6.0%	23.9%	8.7%	5.3%	7.9%	21.9%
TOTAL	63.4%	10.3%	26.3%	100.0%	34.8%	25.3%	39.8%	100.0%

Table 10-4: Sample Demographics, by Size of City

DEMOGRAPHICS	Community				TOTAL
	Large City	Moderate City	Small City	Rural	
Type of Firm					
Sole Proprietor	17.2%	21.2%	21.9%	3.1%	63.4%
Partnership	3.2%	3.3%	3.8%	.1%	10.4%
Corporation	7.7%	9.7%	7.6%	1.3%	26.2%
FULL-TIME STAFF					
One	9.3%	12.0%	11.4%	2.2%	34.8%
Two	6.8%	8.1%	10.0%	.6%	25.5%
3 or More	10.1%	15.7%	13.1%	.8%	39.7%
Community					
Large City	28.0%	.0%	.0%	.0%	28.0%
Moderate City	.0%	34.3%	.0%	.0%	34.3%
Small City	.0%	.0%	33.3%	.0%	33.3%
Rural	.0%	.0%	.0%	4.5%	4.5%
GROSS INCOME					
Under \$50,000	5.3%	7.7%	8.2%	1.8%	23.0%
\$50,000-99,999	7.6%	6.7%	9.5%	1.7%	25.5%
\$100,000-199,999	7.9%	11.2%	8.9%	.6%	28.6%
\$200,000 & Over	7.3%	8.7%	6.6%	.3%	22.9%
REGION					
Northeast	6.7%	8.7%	9.4%	1.3%	26.1%
South	7.3%	10.5%	9.2%	2.0%	29.0%
North Central	5.1%	7.2%	8.4%	.4%	21.1%
West	8.9%	7.9%	6.2%	.8%	23.8%
TOTAL	27.9%	34.3%	33.3%	4.5%	100.0%

Table 10-5: Size of Staff and Number of Partners

	Full-time Employees			Part-time Employees			No. of Partners		
	COUNT	MEAN	MEDIAN	COUNT	MEAN	MEDIAN	COUNT	MEAN	MEDIAN
Type of Firm									
Sole Proprietor	367	2.0	2.0	390	1.6	1.0	25	2.2	1.0
Partnership	81	3.8	3.0	81	1.9	2.0	103	2.3	2.0
Corporation	216	3.6	3.0	187	2.0	1.0	263	1.8	2.0
REGION									
Northeast	176	2.8	2.0	182	1.8	1.0	99	1.9	2.0
South	190	2.6	2.0	166	1.6	1.0	110	2.0	2.0
North Central	156	3.1	3.0	159	2.0	2.0	96	1.7	2.0
West	143	2.5	2.0	151	1.7	1.0	88	2.1	2.0
Community									
Large City	179	2.7	2.0	192	1.8	1.0	115	2.0	2.0
Moderate City	237	2.8	2.0	221	1.7	1.0	137	1.9	2.0
Small City	225	2.7	2.0	217	1.8	1.0	126	2.0	2.0
Rural	24	1.8	1.0	28	1.6	1.0	14	1.6	2.0
GROSS INCOME									
Under \$50,000	58	.9	1.0	118	1.2	1.0	33	2.7	2.0
\$50,000- 99,999	151	1.4	1.0	162	1.4	1.0	75	1.7	2.0
\$100,000- 199,999	230	2.1	2.0	203	1.9	2.0	120	1.7	2.0
\$200,000 & Over	219	4.8	4.0	165	2.4	2.0	158	2.0	2.0
FULL-TIME STAFF									
One	224	1.0	1.0	148	1.5	1.0	72	1.8	2.0
Two	164	2.0	2.0	105	1.7	1.0	72	1.7	2.0
3 or More	256	4.9	4.0	173	2.2	2.0	166	2.0	2.0

Table 10-6: Age and Experience of Proprietor, Senior Partner or Major Stockholder

	AGE			EXPERIENCE		
	COUNT	MEAN	MEDIAN	COUNT	MEAN	MEDIAN
TYPE OF FIRM						
Sole Proprietor	632	52.4	52.0	633	17.6	15.0
Partnership	102	49.3	49.0	102	17.6	15.0
Corporation	262	50.8	49.0	260	16.9	15.0
REGION						
Northeast	258	51.2	50.0	259	18.3	17.0
South	289	51.1	51.0	287	16.5	13.0
North Central	211	51.4	50.0	212	18.3	17.0
West	240	52.9	53.0	239	16.8	14.0
COMMUNITY						
Large City	278	50.2	48.0	279	16.7	14.0
Moderate City	341	52.0	52.0	341	17.0	15.0
Small City	333	52.6	52.0	330	18.4	17.0
Rural	45	51.3	50.0	45	16.8	14.0
GROSS INCOME						
Under \$50,000	225	55.0	56.0	227	17.6	15.0
\$50,000-99,999	249	52.2	50.0	249	16.3	13.0
\$100,000-199,999	282	49.7	49.0	282	17.0	15.0
\$200,000 & Over	224	49.7	49.0	221	18.5	18.0
FULL-TIME STAFF						
One	222	51.4	50.0	222	17.0	14.0
Two	163	50.2	49.0	161	16.4	15.0
3 or More	253	50.8	50.0	252	19.3	18.5

Table 10-7: Demographics of Proprietor, Senior Partner or Major Stockholder, by Qualifications and Sex

DEMOGRAPHICS	Licensed/Certified		TOTAL	Enrolled/IRS		TOTAL	Sex		TOTAL
	Yes	No		Yes	No		Male	Female	
Type of Firm									
Sole Proprietor	32.3%	31.0%	63.3%	34.3%	28.7%	63.0%	51.7%	11.6%	63.4%
Partnership	7.3%	3.0%	10.3%	6.9%	3.6%	10.6%	9.2%	1.2%	10.3%
Corporation	12.1%	14.3%	26.4%	16.8%	9.6%	26.4%	22.5%	3.8%	26.3%
FULL-TIME STAFF									
One	18.2%	16.6%	34.8%	19.0%	15.4%	34.4%	30.0%	4.8%	34.8%
Two	13.0%	12.7%	25.7%	15.9%	10.0%	25.9%	21.6%	3.9%	25.5%
3 or More	23.8%	15.7%	39.5%	27.2%	12.5%	39.7%	36.5%	3.3%	39.8%
Community									
Large City	14.7%	13.5%	28.2%	17.4%	10.5%	27.8%	23.6%	4.4%	27.9%
Moderate City	16.8%	17.2%	34.0%	19.9%	14.5%	34.4%	29.2%	5.1%	34.3%
Small City	18.3%	15.0%	33.3%	18.6%	14.6%	33.2%	27.5%	5.8%	33.3%
Rural	1.9%	2.6%	4.5%	2.2%	2.4%	4.6%	3.2%	1.3%	4.5%
GROSS INCOME									
Under \$50,000	9.6%	13.5%	23.1%	10.4%	12.8%	23.2%	15.5%	7.6%	23.1%
\$50,000- 99,999	11.4%	14.0%	25.4%	14.0%	11.8%	25.8%	21.1%	4.2%	25.4%
\$100,000- 199,999	16.1%	12.6%	28.7%	17.4%	11.3%	28.6%	25.3%	3.4%	28.7%
\$200,000 & Over	14.4%	8.3%	22.7%	16.0%	6.4%	22.4%	21.6%	1.2%	22.9%
REGION									
Northeast	18.4%	7.8%	26.2%	14.6%	11.3%	25.9%	24.3%	1.7%	26.0%
South	12.4%	16.6%	29.0%	15.5%	13.9%	29.4%	22.2%	6.8%	29.0%
North Central	10.3%	10.9%	21.2%	14.1%	7.1%	21.2%	17.4%	3.7%	21.1%
West	10.5%	13.2%	23.7%	13.9%	9.7%	23.6%	19.5%	4.5%	23.9%
TOTAL	51.5%	48.5%	100.0%	58.0%	42.0%	100.0%	83.4%	16.6%	100.0%

Table 10-8: Demographics of Proprietor, Senior Partner or Major Stockholder, by Education Level

DEMOGRAPHICS	Education						TOTAL
	High School	Correspondence School	Business School	2 Yr College	4 Yr College	Post Graduate	
Type of Firm							
Sole Proprietor	3.3%	1.3%	6.1%	5.4%	32.1%	15.2%	63.4%
Partnership	.2%	.1%	.8%	.3%	6.5%	2.5%	10.3%
Corporation	.7%	.3%	2.4%	3.0%	12.8%	7.1%	26.3%
FULL-TIME STAFF							
One	1.7%	.5%	3.4%	3.1%	17.1%	8.9%	34.7%
Two	.8%	.3%	2.0%	3.0%	13.8%	5.6%	25.5%
3 or More	1.1%	1.1%	4.0%	2.8%	22.1%	8.7%	39.8%
Community							
Large City	.7%	.2%	1.0%	1.7%	14.5%	9.9%	28.0%
Moderate City	1.3%	.4%	3.4%	3.1%	18.5%	7.7%	34.3%
Small City	1.6%	.9%	4.4%	3.3%	16.7%	6.4%	33.2%
Rural	.6%	.1%	.6%	.7%	1.8%	.7%	4.5%
GROSS INCOME							
Under \$50,000	1.8%	.7%	2.8%	2.3%	9.9%	5.4%	23.0%
\$50,000-99,999	1.1%	.1%	3.1%	2.4%	11.5%	7.2%	25.5%
\$100,000-199,999	.6%	.7%	1.6%	2.7%	16.6%	6.5%	28.7%
\$200,000 & Over	.6%	.2%	1.9%	1.2%	13.2%	5.7%	22.9%
REGION							
Northeast	.5%	.1%	2.4%	1.5%	14.6%	7.1%	26.1%
South	1.6%	.6%	2.4%	3.1%	14.5%	6.9%	29.0%
North Central	.9%	.6%	2.4%	2.3%	11.1%	3.7%	21.0%
West	1.2%	.4%	2.2%	1.9%	11.1%	7.1%	23.9%
TOTAL	4.2%	1.7%	9.3%	8.7%	51.3%	24.7%	100.0%

APPENDIX

CONFIDENTIAL

NATIONAL SOCIETY OF PUBLIC ACCOUNTANTS

1988 MEMBERSHIP INCOME AND FEE SURVEY

THIS QUESTIONNAIRE IS TO BE COMPLETED BY THE PROPRIETOR, SENIOR PARTNER OR MAJOR STOCKHOLDER OF YOUR FIRM

I. GENERAL INFORMATION

1. Where is your office located?

City _____
State _____ Zip _____

2. What is the size of the community in which you practice? (check one)

Large city/suburb (pop. 500,000 or more) ☐
Moderate city/suburb (pop. 50,000-499,999) ☐
Small city/town (pop. less than 50,000) ☐
Rural/unincorporated area ☐

3a. Type of your firm (check one)

Sole Proprietorship ☐
Partnership ☐
Corporation ☐

3b. Excluding yourself and other principals, how many employees does your firm have?

Full time _____ (number)
Part time _____ (number)

3c. If your firm is a partnership or corporation, how many partners or stockholders are there, including yourself? _____ (number)

4. How many years have you been in public practice as a principal? _____ (years)

5. Are you a certified, licensed or registered accountant? Yes ☐ No ☐

6. Are you enrolled to practice before the IRS? Yes ☐ No ☐

7. Are you accredited in accountancy or taxation by the Accreditation Council for Accountancy? (check one or both if they apply)

☐ Accountancy ☐ Taxation ☐ Both

8. Please indicate the highest level of schooling completed.

High School ☐
Correspondence School ☐
Business School ☐
2-Year Community College ☐
4-Year College/University ☐
Post Graduate ☐

9. In what year were you born? _____

10. What is your sex? ☐ Male ☐ Female

CONFIDENTIAL

II. INCOME AND FEE INFORMATION

11. Based on your firm's 1988 tax season experience, do you anticipate your fees for preparing federal tax returns will increase in 1989?

Yes ☐ No ☐ If YES, by approximately what percent? _____ %

12. How many federal tax returns did your firm prepare in 1988 and what were the minimum, average and hourly (if applicable) fees charged?

	# of Returns Prepared	Minimum Fee	Average Fee	Hourly Fee
Form 1040 not itemized	_____	\$ _____	\$ _____	\$ _____
Form 1040 itemized	_____	\$ _____	\$ _____	\$ _____
Form 1065 (Partnership)	_____	\$ _____	\$ _____	\$ _____
Form 1120 (Corporation)	_____	\$ _____	\$ _____	\$ _____

13. Please indicate your firm's hourly fee or minimum fixed fee (whichever is applicable) to clients to represent them in the event of an IRS audit.

Hourly fee \$ _____ Minimum fixed fee \$ _____

14. For how many clients does your firm only prepare tax returns and what percent of your firm's annual gross income is derived from these?

(Number) _____ Percent gross income _____ %

15. Excluding those clients for whom your firm only prepares tax returns, please indicate how many other clients fall primarily into the following categories and what percent of your firm's annual gross income is derived from each:

	Number of Clients	% Gross Income
Tax Services (includes tax and estate planning, consultation, IRS representation, etc.)	_____	_____
Write-Up Work (the accountant provides a bookkeeping service, i.e., journals, ledgers, payrolls, etc., and preparation of periodic financial statements for these clients)	_____	_____
Financial Statement Presentation (those clients having a bookkeeper on the premises and the accountant begins his service by working from a pre-adjusted trial balance, includes compilation and review reports)	_____	_____
Audit Accounts (those clients whose accounting records you inspect and which include analyses, tests, reports, confirmations, proofs, opinions, or disclaimers)	_____	_____
Management Advisory Services (consulting, advising on business matters that are not included in above services, i.e., personnel, systems, computerization, equipment acquisition, pension plans, personal financial planning, etc.)	_____	_____
Other	_____	_____
Total Clients (excluding tax return only clients)	_____	100 %

APPENDIX

CONFIDENTIAL

16. What percentage of your firm's billing is based on the following?

Fixed fee _____ %
 Hourly rate _____ %
 Other _____ % Explain _____
 Total billing _____ (100%)

17. What is your firm's average hourly fee or fixed monthly fee (including overhead or burden) for performing the following types of services? (See #15 for definitions)

	Average Hourly	Average Fixed
Tax Services	\$ _____	\$ _____
Write-Up Work	\$ _____	\$ _____
Financial Statement Presentation	\$ _____	\$ _____
Audit Accounts	\$ _____	\$ _____
Management Advisory Services (consulting)	\$ _____	\$ _____

18. What is your firm's usual billing rate per hour (where applicable) for each type of staff employee and yourself?

Secretarial, stenographic and clerical	\$ _____ per hour
Junior Accountant (0-2 years)	\$ _____ per hour
Semi-senior Accountant (3-4 years)	\$ _____ per hour
Senior Accountant (5 years and over)	\$ _____ per hour
Yourself, partners or associates	\$ _____ per hour

19. What is the estimated gross and net incomes of your firm for calendar year 1988?

\$ _____ (gross) \$ _____ (net)

CONFIDENTIAL

III. COMPUTER USAGE

20. How are your clients billed for computer time? (check one)

- ☐ Not charged (considered as overhead)
☐ Not charged separately, but included in my fee
☐ Charged separately on a usage basis

21. Does your firm prepare tax returns by computer? Yes ☐ No ☐

If YES, do you: (check one)

- ☐ Lease equipment used on your own premises
☐ Own the equipment yourself
☐ Use a service bureau with input equipment on your own premises
☐ Use a service bureau without input equipment on your own premises

22. Does your firm use a computer to serve clients other than for the preparation of tax returns? Yes ☐ No ☐

If YES, what do you use the computer for? (check all that apply)

- | | |
|--|--|
| ☐ Payroll | ☐ Accounts Payable |
| ☐ Client Write-Up | ☐ Word Processing |
| ☐ General Ledger | ☐ Depreciation |
| ☐ Accounts Receivable | ☐ Client Time and Billing |

23. If YES to number 22, does your firm: (check one)

- ☐ Lease equipment used on your own premises
☐ Own the equipment yourself
☐ Use a service bureau with input equipment on your own premises
☐ Use a service bureau without input equipment on your own premises

Please return in the envelope provided to:

ASSOCIATION RESEARCH, INC.
 15850 Crabbs Branch Way, Suite 160
 Rockville, MD 20855

INCOME AND FEES REPORT ORDER FORM

Complete the coupon and send with your payment to:

National Society of Public Accountants, 1010 North Fairfax Street, Alexandria, Virginia 22314.

Please send me _____ copies of the 1988 Income and Fees Survey Report at \$25 each; \$40 non-members.*

Check enclosed \$ _____

Charge it: _____ VISA _____ MASTERCARD

Account No. _____ Expiration date _____

Signature _____

Please print clearly your name and address below:

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

* (Virginia residents please add 4.5% sales tax)

INCOME AND FEES REPORT ORDER FORM

Complete the coupon and send with your payment to:

National Society of Public Accountants, 1010 North Fairfax Street, Alexandria, Virginia 22314.

Please send me _____ copies of the 1988 Income and Fees Survey Report at \$25 each; \$40 non-members.*

Check enclosed \$ _____

Charge it: _____ VISA _____ MASTERCARD

Account No. _____ Expiration date _____

Signature _____

Please print clearly your name and address below:

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

* (Virginia residents please add 4.5% sales tax)

INCOME AND FEES REPORT ORDER FORM

Complete the coupon and send with your payment to:

National Society of Public Accountants, 1010 North Fairfax Street, Alexandria, Virginia 22314.

Please send me _____ copies of the 1988 Income and Fees Survey Report at \$25 each; \$40 non-members.*

Check enclosed \$ _____

Charge it: _____ VISA _____ MASTERCARD

Account No. _____ Expiration date _____

Signature _____

Please print clearly your name and address below:

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

* (Virginia residents please add 4.5% sales tax)

